

HOUSE BILL No. 5384

February 18, 2016, Introduced by Reps. Garcia, Poleski, Price and Pscholka and referred to the Committee on Appropriations.

A bill to amend 1976 PA 451, entitled

"The revised school code,"

by amending the title and sections 3, 5, 6, 11, 11a, 501, 502, 507, 522, 528, 551, 552, 561, 654, 705, 921, 1147, 1225, 1229, 1231, 1233, 1237, 1250, 1284, 1284a, 1284b, 1351a, and 1356 (MCL 380.3, 380.5, 380.6, 380.11, 380.11a, 380.501, 380.502, 380.507, 380.522, 380.528, 380.551, 380.552, 380.561, 380.654, 380.705, 380.921, 380.1147, 380.1225, 380.1229, 380.1231, 380.1233, 380.1237, 380.1250, 380.1284, 380.1284a, 380.1284b, 380.1351a, and 380.1356), the title as amended by 2003 PA 179, section 3 as amended by 2007 PA 45, section 5 as amended by 2011 PA 232, sections 6 and 1250 as amended by 2009 PA 205, section 11 as amended by 1995 PA 289, section 11a as amended by 2010 PA 91, sections 501, 502, 507, 522, 528, 551, and 561 as amended by 2011 PA 277, section 552 as amended

by 2012 PA 129, section 705 as amended by 2003 PA 299, section 1147 as amended by 2014 PA 479, section 1225 as amended by 2012 PA 1, section 1229 as amended by 2011 PA 105, section 1231 as amended by 2002 PA 735, section 1233 as amended by 2000 PA 288, section 1237 as added by 2000 PA 387, section 1284 as amended by 2006 PA 534, section 1284a as added by 2007 PA 101, section 1284b as amended by 2006 PA 235, section 1351a as amended by 2002 PA 65, and section 1356 as amended by 2002 PA 181, and by adding sections 12b, 1233c, 1284c, and 1535b and part 5b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; **TO MAKE APPROPRIATIONS FOR CERTAIN PURPOSES;** to provide for and prescribe the powers and duties of

1 certain state departments, the state board of education, and
2 certain other boards and officials; to provide for licensure of
3 boarding schools; to prescribe penalties; and to repeal acts and
4 parts of acts.

5 Sec. 3. (1) "Area" as used in the phrase "area vocational-
6 technical education program" or "area career and technical
7 education program" means the geographical territory, within the
8 boundaries of a K to 12 school district, an intermediate school
9 district, or a community college district, that is designated by
10 the department as the service area for the operation of an area
11 vocational-technical education program.

12 (2) "Area vocational-technical education program", "area
13 career and technical education program", or "career and technical
14 education program" means a program of organized, systematic
15 instruction designed to prepare the following ~~persons~~**INDIVIDUALS**
16 for useful employment in recognized occupations:

17 (a) ~~Persons~~**INDIVIDUALS** participating in career and technical
18 education readiness activities that lead to enrollment in a career
19 and technical education program in high school.

20 (b) ~~Persons~~**INDIVIDUALS** enrolled in high school in a school
21 district, intermediate school district, public school academy, or
22 nonpublic school.

23 (c) ~~Persons~~**INDIVIDUALS** who have completed or left high school
24 and who are available for full-time study in preparation for
25 entering the labor market.

26 (d) ~~Persons~~**INDIVIDUALS** who have entered the labor market and
27 who need training or retraining to achieve stability or advancement

1 in employment.

2 (3) "Board" or "school board" means the governing body of a
3 local school district unless clearly otherwise stated.

4 (4) "Boarding school" means a place accepting for board, care,
5 and instruction 5 or more children under 16 years of age.

6 (5) **"COMMUNITY DISTRICT" MEANS A SCHOOL DISTRICT ORGANIZED**
7 **UNDER PART 5B.**

8 (6) ~~(5)~~ "Constituent district" means a local school district
9 the territory of which is entirely within and is an integral part
10 of an intermediate school district.

11 Sec. 5. (1) "Local act school district" ~~or "special act school~~
12 ~~district"~~ means a district governed by a ~~special or~~ local act or
13 chapter of a local act. "Local school district" and "local school
14 district board" as used in article 3 include a local act school
15 district and a local act school district board.

16 (2) "Membership" means the number of full-time equivalent
17 pupils in a public school as determined by the number of pupils
18 registered for attendance plus pupils received by transfer and
19 minus pupils lost as defined by rules promulgated by the ~~state~~
20 ~~board~~. **SUPERINTENDENT OF PUBLIC INSTRUCTION.**

21 (3) "Michigan election law" means the Michigan election law,
22 1954 PA 116, MCL 168.1 to 168.992.

23 (4) "Nonpublic school" means a private, denominational, or
24 parochial school.

25 (5) "Objectives" means measurable pupil academic skills and
26 knowledge.

27 (6) "Public school" means a public elementary or secondary

1 educational entity or agency that is established under this act **OR**
 2 **UNDER OTHER LAW OF THIS STATE**, has as its primary mission the
 3 teaching and learning of academic and vocational-technical skills
 4 and knowledge, and is operated by a school district, local act
 5 school district, ~~special act school district~~, intermediate school
 6 district, school of excellence **CORPORATION**, public school academy
 7 corporation, strict discipline academy corporation, urban high
 8 school academy corporation, or by the department, ~~or~~ **THE** state
 9 board, **OR ANOTHER PUBLIC BODY**. Public school also includes a
 10 laboratory school or other elementary or secondary school that is
 11 controlled and operated by a state public university described in
 12 section 4, 5, or 6 of article VIII of the state constitution of
 13 1963. **PUBLIC SCHOOL DOES NOT INCLUDE A NONPUBLIC SCHOOL.**

14 (7) "Public school academy" means a public school academy
 15 established under part 6a and, except as used in part 6a, also
 16 includes an urban high school academy established under part 6c, a
 17 school of excellence established under part 6e, and a strict
 18 discipline academy established under sections 1311b to 1311m.

19 (8) "Pupil membership count day" of a school district means
 20 that term as defined in section 6 of the state school aid act of
 21 1979, MCL 388.1606.

22 (9) **"QUALIFYING SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT THAT**
 23 **WAS PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL**
 24 **DISTRICT GOVERNED BY PART 6 THAT HAS A PUPIL MEMBERSHIP OF LESS**
 25 **THAN 100,000 ENROLLED ON ITS MOST RECENT PUPIL MEMBERSHIP COUNT**
 26 **DAY, INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT THAT WAS**
 27 **PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL DISTRICT**

1 **BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS**
2 **SUBSECTION.**

3 (10) ~~(9)~~—"Regular school election" or "regular election" means
4 the election held in a school district, local act school district,
5 or intermediate school district to elect a school board member in
6 the regular course of the terms of that office and held on the
7 school district's regular election date as determined under section
8 642c of the Michigan election law, MCL 168.642c.

9 (11) ~~(10)~~—"Reorganized intermediate school district" means an
10 intermediate school district formed by consolidation or annexation
11 of 2 or more intermediate school districts under sections 701 and
12 702.

13 (12) ~~(11)~~—"Rule" means a rule promulgated under the
14 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
15 24.328.

16 Sec. 6. (1) "School district" or "local school district" means
17 a general powers school district organized under this act,
18 regardless of previous classification, **A COMMUNITY DISTRICT**, or a
19 school district of the first class.

20 (2) "School district filing official" means the school
21 district election coordinator as defined in section 4 of the
22 Michigan election law, MCL 168.4, or an authorized agent of the
23 school district election coordinator.

24 (3) "School elector" means a person qualified as an elector
25 under section 492 of the Michigan election law, MCL 168.492, and
26 resident of the school district or intermediate school district on
27 or before the thirtieth day before the next ensuing regular or

1 special school election.

2 (4) "School month" means a 4-week period of 5 days each unless
3 otherwise specified in the teacher's contract.

4 (5) "School of excellence" means a school of excellence
5 established under part 6e.

6 (6) "Special education building and equipment" means a
7 structure or portion of a structure or personal property accepted,
8 leased, purchased, or otherwise acquired, prepared, or used for
9 special education programs and services.

10 (7) "Special education personnel" means persons engaged in and
11 having professional responsibility for students with a disability
12 in special education programs and services including, but not
13 limited to, teachers, aides, school social workers, diagnostic
14 personnel, physical therapists, occupational therapists,
15 audiologists, teachers of speech and language, instructional media-
16 curriculum specialists, mobility specialists, teacher consultants,
17 supervisors, and directors.

18 (8) "Special education programs and services" means
19 educational and training services designed for students with a
20 disability and operated by ~~local~~**A** school ~~districts,~~**DISTRICT,**
21 local act school ~~districts,~~**DISTRICT,** intermediate school
22 ~~districts,~~**DISTRICT,** the Michigan schools for the deaf and blind,
23 ~~the department of community health,~~the department of **HEALTH AND**
24 human services, or a combination of these, and ancillary
25 professional services for students with a disability rendered by
26 agencies approved by the ~~state board.~~**SUPERINTENDENT OF PUBLIC**
27 **INSTRUCTION.** The programs shall include vocational training, but

1 need not include academic programs of college or university level.

2 (9) "Special school election" or "special election" means a
3 school district election to fill a vacancy on the school board or
4 submit a ballot question to the school electors that is held on a
5 regular election date established under section 641 of the Michigan
6 election law, MCL 168.641.

7 (10) "State approved nonpublic school" means a nonpublic
8 school that complies with 1921 PA 302, MCL 388.551 to 388.558.

9 (11) "State board" means the state board of education **CREATED**
10 **BY SECTION 3 OF ARTICLE VIII OF THE STATE CONSTITUTION OF 1963**
11 unless clearly otherwise stated.

12 (12) "Student with a disability" means that term as defined in
13 R 340.1702 of the Michigan administrative code.

14 (13) "Department" means the department of education created
15 ~~and operating under~~ sections 300 to 305 of the executive
16 organization act of 1965, 1965 PA 380, MCL 16.400 to 16.405.

17 (14) "State school aid" means allotments from the general
18 appropriating act for the purpose of aiding in the support of the
19 public schools of the state, **INCLUDING, BUT NOT LIMITED TO,**
20 **APPROPRIATIONS FROM THE STATE SCHOOL AID FUND UNDER THE STATE**
21 **SCHOOL AID ACT OF 1979.**

22 (15) "The state school aid act of 1979" means the state school
23 aid act of 1979, 1979 PA 94, MCL 388.1601 to ~~388.1772~~ **388.1896.**

24 Sec. 11. Each school district, except a school district of the
25 first class **OR A COMMUNITY DISTRICT**, shall be organized and
26 conducted as a general powers school district regardless of
27 previous classification.

1 Sec. 11a. (1) Beginning on July 1, 1996, each school district
2 formerly organized as a primary school district or as a school
3 district of the fourth class, third class, or second class shall be
4 a general powers school district under this act.

5 (2) Beginning on July 1, 1996, a school district operating
6 under a special or local act shall operate as a general powers
7 school district under this act except to the extent that the
8 special or local act is inconsistent with this act. Upon repeal of
9 a special or local act that governs a school district, that school
10 district shall become a general powers school district under this
11 act.

12 (3) A general powers school district has all of the rights,
13 powers, and duties expressly stated in this act; may exercise a
14 power implied or incident to a power expressly stated in this act;
15 and, except as **OTHERWISE** provided by law, may exercise a power
16 incidental or appropriate to the performance of a function related
17 to operation of ~~the school district~~ **A PUBLIC SCHOOL AND THE**
18 **PROVISION OF PUBLIC EDUCATION SERVICES** in the interests of public
19 elementary and secondary education in the school district,
20 including, but not limited to, all of the following:

21 (a) Educating pupils. In addition to educating pupils in
22 grades K-12, this function may include operation of preschool,
23 lifelong education, adult education, community education, training,
24 enrichment, and recreation programs for other persons. **A SCHOOL**
25 **DISTRICT MAY DO EITHER OR BOTH OF THE FOLLOWING:**

26 (i) **EDUCATE PUPILS BY DIRECTLY OPERATING 1 OR MORE PUBLIC**
27 **SCHOOLS ON ITS OWN.**

1 (ii) CAUSE PUBLIC EDUCATION SERVICES TO BE PROVIDED FOR PUPILS
2 OF THE SCHOOL DISTRICT THROUGH AN AGREEMENT, CONTRACT, OR OTHER
3 COOPERATIVE AGREEMENT WITH ANOTHER PUBLIC ENTITY, INCLUDING, BUT
4 NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL
5 DISTRICT.

6 (b) Providing for the safety and welfare of pupils while at
7 school or a school sponsored activity or while en route to or from
8 school or a school sponsored activity.

9 (c) ~~Acquiring,~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**
10 **ACQUIRING**, constructing, maintaining, repairing, renovating,
11 disposing of, or conveying school property, facilities, equipment,
12 technology, or furnishings.

13 (d) Hiring, contracting for, scheduling, supervising, or
14 terminating employees, independent contractors, and others,
15 **INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN**
16 **INTERMEDIATE SCHOOL DISTRICT**, to carry out school district powers.
17 A school district may indemnify its employees.

18 (e) Receiving, accounting for, investing, or expending ~~school~~
19 ~~district~~ **PUBLIC SCHOOL** money; borrowing money and pledging ~~school~~
20 ~~district~~ **PUBLIC SCHOOL** funds for repayment; and qualifying for
21 state school aid and other public or private money from local,
22 regional, state, or federal sources.

23 (4) A general powers school district may enter into
24 agreements, **CONTRACTS**, or **OTHER** cooperative arrangements with other
25 entities, public or private, **INCLUDING, BUT NOT LIMITED TO, ANOTHER**
26 **SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT**, or join
27 organizations as part of performing the functions of the school

1 district. An agreement, **CONTRACT**, or **OTHER** cooperative arrangement
2 that is entered into under this act is not required to comply with
3 the provisions of the urban cooperation act of 1967, 1967 (Ex Sess)
4 PA 7, MCL 124.501 to 124.512, as provided under section 503 of that
5 act, MCL 124.503.

6 (5) A general powers school district is a body corporate and
7 shall be governed by a school board. An act of a school board is
8 not valid unless approved, at a meeting of the school board, by a
9 majority vote of the members lawfully serving on the board.

10 (6) The board of a general powers school district shall adopt
11 bylaws. These bylaws may establish or change board procedures, the
12 number of board officers, titles and duties of board officers, and
13 any other matter related to effective and efficient functioning of
14 the board. Regular meetings of the board shall be held at least
15 once each month, at the time and place fixed by the bylaws. Special
16 meetings may be called and held in the manner and for the purposes
17 specified in the bylaws. Board procedures, bylaws, and policies in
18 effect on the effective date of this section shall continue in
19 effect until changed by action of the board.

20 (7) The board of a school district shall be elected as
21 provided under this act and the Michigan election law. The number
22 of members of the board of a general powers school district shall
23 remain the same as for that school district before July 1, 1996
24 unless changed by the school electors of the school district at a
25 regular or special school election. A ballot question for changing
26 the number of board members may be placed on the ballot by action
27 of the board or by petition submitted by school electors as

1 provided under chapter XIV of the Michigan election law, MCL
2 168.301 to 168.316.

3 (8) Members of the board of a general powers school district
4 shall be elected by the school electors for terms of 4 or 6 years,
5 as provided by the school district's bylaws. At each regular school
6 election, members of the board shall be elected to fill the
7 positions of those whose terms will expire. A term of office begins
8 as provided in section 302 of the Michigan election law, MCL
9 168.302, and continues until a successor is elected and qualified.

10 (9) The board of a general powers school district may submit
11 to the school electors of the school district a question that is
12 within the scope of the powers of the school electors and that the
13 board considers proper for the management of the school system or
14 the advancement of education in the school district. Upon the
15 adoption of a question by the board, the board shall submit the
16 question to the school electors by complying with section 312 of
17 the Michigan election law, MCL 168.312.

18 (10) A special election may be called by the board of a
19 general powers school district as provided under chapter XIV of the
20 Michigan election law, MCL 168.301 to 168.316.

21 (11) Unless expressly provided in 1995 PA 289, the powers of a
22 school board or school district are not diminished by this section
23 or by 1995 PA 289.

24 (12) A school district operating a public library, public
25 museum, or community recreational facility as of July 1, 1996 may
26 continue to operate the public library, public museum, or community
27 recreational facility.

1 (13) A school district may establish and administer
2 scholarships for its students or graduates to support their
3 attendance at a postsecondary educational institution from funds
4 the school district receives as a result of a compact entered into
5 between this state and a federally recognized Indian tribe pursuant
6 to the Indian gaming regulatory act, Public Law 100-497. A school
7 district that establishes a scholarship program funded under this
8 subsection shall ensure that the scholarship program provides for
9 all of the following:

10 (a) That a student or graduate is not eligible to be awarded a
11 scholarship unless the student or graduate is enrolled in the
12 school district for all of grades 9 to 12 and meets 1 of the
13 following:

14 (i) Is a resident of the school district for all of grades 9
15 to 12.

16 (ii) Was enrolled in the school district for the 2009-2010
17 school year but was not a resident of the school district for that
18 school year, and is enrolled in the school district continuously
19 after that school year until graduation.

20 (b) That the amount of a scholarship awarded to a student or
21 graduate who was not enrolled in and a continuous resident of the
22 school district for all of grades K to 12 shall be adjusted based
23 on length of enrollment and continuous residency or, for a student
24 or graduate described in subdivision (a) (ii), based on length of
25 enrollment.

26 **SEC. 12B. (1) BEGINNING ON THE EFFECTIVE DATE OF THE**
27 **AMENDATORY ACT THAT ADDED THIS SECTION, IF A SCHOOL DISTRICT IS OR**

1 BECOMES A QUALIFYING SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL
2 LOSE ITS ORGANIZATION AND BE DISSOLVED AS PROVIDED IN SUBSECTIONS
3 (2) AND (3).

4 (2) IF A SCHOOL DISTRICT LOSES ITS ORGANIZATION UNDER
5 SUBSECTION (1), EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ALL
6 RECORDS, FUNDS, AND PROPERTY OF THE QUALIFYING SCHOOL DISTRICT ARE
7 TRANSFERRED ON THE TRANSFER DATE TO A COMMUNITY DISTRICT CREATED
8 WITH THE SAME GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL
9 DISTRICT UNDER PART 5B. A SCHOOL BUILDING OR OTHER REAL PROPERTY
10 OWNED BY AND LOCATED IN THE QUALIFYING SCHOOL DISTRICT BECOMES PART
11 OF AND OWNED BY THE COMMUNITY DISTRICT. IF A QUALIFYING SCHOOL
12 DISTRICT HAS OUTSTANDING DEBT ON THE TRANSFER DATE, THE QUALIFYING
13 SCHOOL DISTRICT SHALL RETAIN A LIMITED SEPARATE IDENTITY AS A
14 SCHOOL DISTRICT AND THE TERRITORY OF THE QUALIFYING SCHOOL DISTRICT
15 SHALL CONTINUE AS A SEPARATE TAXING UNIT ONLY FOR THE LIMITED
16 PURPOSES OF THE REPAYMENT OF THE DEBT UNTIL THE DEBT IS RETIRED AND
17 COMPLIANCE WITH THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014
18 PA 181, MCL 141.1631 TO 141.1643. UNTIL THE ELECTED MEMBERS OF THE
19 SCHOOL BOARD OF THE COMMUNITY DISTRICT ARE ELECTED AND TAKE OFFICE
20 UNDER SECTION 384, THE BOARD OF THE QUALIFYING SCHOOL DISTRICT
21 SHALL CONTINUE FOR THE LIMITED PURPOSE OF PERFORMING THE FUNCTIONS
22 AND SATISFYING THE RESPONSIBILITIES OF THE BOARD AND OFFICERS OF
23 THE QUALIFYING SCHOOL DISTRICT RELATING TO THE REPAYMENT OF DEBT
24 AND THE DISSOLUTION OF THE QUALIFYING SCHOOL DISTRICT, INCLUDING,
25 BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

26 (A) CERTIFYING AND LEVYING TAXES FOR SATISFACTION OF THE DEBT
27 IN THE NAME OF THE QUALIFYING SCHOOL DISTRICT.

1 (B) CONDUCTING SCHOOL DISTRICT ELECTIONS.

2 (C) DOING ALL OTHER THINGS RELATIVE TO THE REPAYMENT OF
3 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT REQUIRED BY LAW
4 AND BY THE TERMS OF THE DEBT, INCLUDING, BUT NOT LIMITED TO,
5 LEVYING OR RENEWING A SCHOOL OPERATING TAX UNDER SECTION 1211, OR
6 REFUNDING OR REFINANCING DEBT AT A LOWER RATE.

7 (D) DOING ALL OTHER THINGS RELATIVE TO THE DISSOLUTION OF THE
8 QUALIFYING SCHOOL DISTRICT.

9 (3) AS PERMITTED UNDER FEDERAL LAW, ON THE TRANSFER DATE THE
10 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ALLOCATE TO A COMMUNITY
11 DISTRICT RECEIVING THE FUNCTIONS AND RESPONSIBILITIES OF A
12 QUALIFYING SCHOOL DISTRICT FOR A PUBLIC SCHOOL UNDER SUBSECTION (2)
13 ALL APPLICABLE GRANTS UNDER 20 USC 6333, 20 USC 6334, 20 USC 6335,
14 AND 20 USC 6337, AND OTHER FEDERAL FUNDS THAT WOULD OTHERWISE BE
15 MADE AVAILABLE FOR GRANTS TO OR FEDERAL FUNDING FOR THE PUBLIC
16 SCHOOL OR MAKE OTHER ADJUSTMENTS IN THE ALLOCATION OF FEDERAL FUNDS
17 TO IMPLEMENT THE TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FOR THE
18 PUBLIC SCHOOL.

19 (4) EFFECTIVE ON THE TRANSFER DATE FOR A QUALIFYING SCHOOL
20 DISTRICT AND THE COMMUNITY DISTRICT CREATED WITH THE SAME
21 GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL DISTRICT UNDER PART
22 5B, ALL OF THE FOLLOWING APPLY:

23 (A) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
24 THE EXCLUSIVE RIGHT, RESPONSIBILITY, AND AUTHORITY TO OWN, OCCUPY,
25 OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES OF THE
26 QUALIFYING SCHOOL DISTRICT EXISTING AS OF THE TRANSFER DATE,
27 INCLUDING ALL LANDS, BUILDINGS, IMPROVEMENTS, STRUCTURES,

1 EASEMENTS, RIGHTS OF ACCESS, AND ALL OTHER PRIVILEGES AND
2 APPURTENANCES. THE OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL
3 EXECUTE ANY INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER
4 THAT ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
5 SUCCESSION UNDER THIS SUBDIVISION.

6 (B) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
7 ALL RIGHTS, TITLE, AND INTERESTS IN AND TO THE FIXTURES, EQUIPMENT,
8 MATERIALS, FURNISHINGS, AND OTHER PERSONAL PROPERTY OWNED AND USED
9 BY THE QUALIFYING SCHOOL DISTRICT AS OF THE TRANSFER DATE. THE
10 OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL EXECUTE ANY
11 INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER THAT ARE
12 NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
13 SUCCESSION UNDER THIS SUBDIVISION.

14 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
15 COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES ALL OF THE
16 RIGHTS OF THE QUALIFYING SCHOOL DISTRICT RELATING TO THE QUALIFYING
17 SCHOOL DISTRICT UNDER ANY ORDINANCES, AGREEMENTS, OR OTHER
18 INSTRUMENTS AND UNDER LAW. THIS SUCCESSION INCLUDES, AND THERE IS
19 TRANSFERRED TO THE COMMUNITY DISTRICT, ALL LICENSES, PERMITS,
20 APPROVALS, OR AWARDS RELATED TO THE QUALIFYING SCHOOL DISTRICT
21 ALONG WITH ALL GRANT AGREEMENTS, GRANT PRE-APPLICATIONS, AND THE
22 RIGHT TO RECEIVE THE BALANCE OF ANY FUNDS PAYABLE UNDER THE
23 AGREEMENTS.

24 (D) THE COMMUNITY DISTRICT HAS THE RIGHT AND AUTHORITY TO OWN,
25 OCCUPY, OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES
26 TRANSFERRED BY THE QUALIFYING SCHOOL DISTRICT, SUBJECT TO ANY LIENS
27 ON THE REAL PROPERTY AND RESTRICTIONS AND LIMITATIONS ON THE USE OF

1 THE REAL PROPERTY.

2 (E) EXCEPT FOR DEBT OR OTHER OBLIGATIONS RETAINED BY THE
3 QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, THE COMMUNITY
4 DISTRICT HAS THE QUALIFYING SCHOOL DISTRICT'S RIGHT, TITLE, AND
5 INTEREST IN, AND ALL OF THE QUALIFYING SCHOOL DISTRICT'S
6 RESPONSIBILITIES AND AUTHORITY ARISING UNDER LEASES, CONCESSIONS,
7 AND OTHER CONTRACTS FOR FACILITIES.

8 (F) ALL RECORDS AND FILES, SOFTWARE, AND SOFTWARE LICENSES
9 REQUIRED FOR FINANCIAL MANAGEMENT, PERSONNEL MANAGEMENT, ACCOUNTING
10 AND INVENTORY SYSTEMS, OR GENERAL ADMINISTRATION OF THE QUALIFYING
11 SCHOOL DISTRICT ARE TRANSFERRED TO THE COMMUNITY DISTRICT.

12 (G) A COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
13 ALL OF THE RIGHTS, DUTIES, AND OBLIGATIONS UNDER A COLLECTIVE
14 BARGAINING AGREEMENT APPLICABLE TO THE QUALIFYING SCHOOL DISTRICT
15 ON THE TRANSFER DATE. THE TERMS AND CONDITIONS OF THAT COLLECTIVE
16 BARGAINING AGREEMENT APPLICABLE TO EMPLOYEES OF THE QUALIFYING
17 SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE THE TERMS AND
18 CONDITIONS APPLICABLE TO EMPLOYEES OF THE COMMUNITY DISTRICT AND
19 THE COMMUNITY DISTRICT SHALL BE THE SUCCESSOR EMPLOYER FOR
20 EMPLOYEES OF THE QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE.
21 AN INDIVIDUAL WHO IS ENTITLED TO EMPLOYMENT BY THE QUALIFYING
22 SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE ENTITLED TO
23 EMPLOYMENT BY THE COMMUNITY DISTRICT FOLLOWING THE TRANSFER TO THE
24 COMMUNITY DISTRICT.

25 (5) A TRANSFER TO A COMMUNITY DISTRICT UNDER THIS SECTION DOES
26 NOT IMPAIR A CONTRACT WITH A PARTY IN PRIVITY WITH THE QUALIFYING
27 SCHOOL DISTRICT.

1 (6) UPON THE TRANSFER TO A COMMUNITY DISTRICT, THE QUALIFYING
2 SCHOOL DISTRICT IS RELIEVED FROM ALL OPERATIONAL JURISDICTION OVER
3 THE QUALIFYING SCHOOL DISTRICT AND FACILITIES AND IS RELIEVED FROM
4 ALL FURTHER COSTS AND RESPONSIBILITY ARISING FROM OR ASSOCIATED
5 WITH OPERATING A PUBLIC SCHOOL OR PROVIDING PUBLIC EDUCATION
6 SERVICES, EXCEPT AS OTHERWISE REQUIRED UNDER OBLIGATIONS RETAINED
7 BY THE QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, INCLUDING,
8 BUT NOT LIMITED TO, DEBT.

9 (7) A QUALIFYING SCHOOL DISTRICT SHALL DO ALL OF THE
10 FOLLOWING:

11 (A) REFRAIN FROM ANY ACTION THAT WOULD IMPAIR A COMMUNITY
12 DISTRICT'S EXERCISE OF THE POWERS GRANTED TO THE COMMUNITY DISTRICT
13 UNDER THIS SECTION OR PART 5B, OR THAT WOULD IMPAIR THE EFFICIENT
14 OPERATION AND MANAGEMENT OF THE COMMUNITY DISTRICT.

15 (B) TAKE ALL ACTION REASONABLY NECESSARY TO CURE ANY DEFECTS
16 IN TITLE TO PROPERTY TRANSFERRED FROM THE QUALIFYING SCHOOL
17 DISTRICT TO THE COMMUNITY DISTRICT.

18 (C) UPON CREATION OF A COMMUNITY DISTRICT AND BEFORE THE
19 TRANSFER DATE, CONDUCT OPERATIONS OF THE QUALIFYING SCHOOL DISTRICT
20 IN THE ORDINARY AND USUAL COURSE OF BUSINESS.

21 (D) COMPLY WITH THE TERMS AND CONDITIONS OF ANY LOAN AGREEMENT
22 BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL FINANCIAL
23 EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY MUNICIPAL LOAN
24 ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING, BUT NOT
25 LIMITED TO, ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF
26 TRANSITIONAL OPERATING COSTS.

27 (E) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL

1 OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
2 DISTRICT.

3 (F) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
4 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT.

5 (8) UPON THE ELECTION AND ASSUMPTION OF DUTIES BY THE MEMBERS
6 OF THE INITIAL ELECTED SCHOOL BOARD OF THE COMMUNITY DISTRICT, THE
7 SCHOOL BOARD OF THE QUALIFYING SCHOOL DISTRICT IS DISSOLVED AND THE
8 FUNCTIONS AND RESPONSIBILITIES OF THE QUALIFYING SCHOOL DISTRICT
9 SHALL BE EXERCISED BY THE COMMUNITY DISTRICT ON BEHALF OF THE
10 QUALIFYING SCHOOL DISTRICT UNTIL THE QUALIFYING SCHOOL DISTRICT IS
11 FULLY DISSOLVED UNDER SUBSECTION (11).

12 (9) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
13 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
14 REPAID, THE STATE TREASURER SHALL VERIFY WHETHER ALL OUTSTANDING
15 OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN REPAID. THE
16 STATE TREASURER ALSO MAY DETERMINE THAT THE OUTSTANDING OPERATING
17 OBLIGATIONS OF A QUALIFYING SCHOOL DISTRICT HAVE BEEN SATISFIED ON
18 HIS OR HER OWN WITHOUT NOTICE. IF THE STATE TREASURER DETERMINES
19 THAT ALL OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
20 DISTRICT HAVE BEEN REPAID, THE STATE TREASURER SHALL CERTIFY IN A
21 WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
22 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT THAT THE OUTSTANDING
23 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
24 REPAID.

25 (10) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
26 DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID, THE STATE
27 TREASURER SHALL VERIFY WHETHER ALL OF THE OUTSTANDING DEBT OF THE

1 QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID. IF THE STATE TREASURER
2 DETERMINES THAT ALL OF THE OUTSTANDING DEBT OF THE QUALIFYING
3 SCHOOL DISTRICT HAS BEEN REPAID, THE STATE TREASURER SHALL CERTIFY
4 IN A WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME
5 GEOGRAPHIC BOUNDARIES AS THE QUALIFYING DISTRICT THAT ALL
6 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID.

7 (11) UPON CERTIFICATION BY THE STATE TREASURER UNDER
8 SUBSECTION (10), THE QUALIFYING SCHOOL DISTRICT IS FULLY DISSOLVED
9 AND ANY REMAINING ASSETS OF THE QUALIFYING SCHOOL DISTRICT ARE
10 TRANSFERRED TO THE COMMUNITY DISTRICT.

11 (12) AS USED IN THIS SECTION:

12 (A) "DEBT" MEANS THAT TERM AS DEFINED IN SECTION 103 OF THE
13 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2103, AND ALSO
14 INCLUDES ANY OF THE FOLLOWING:

15 (i) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER AN
16 ENERGY INSTALLMENT PURCHASE CONTRACT.

17 (ii) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER A
18 CAPITAL LEASE.

19 (iii) ANY UNPAID AMOUNTS PAYABLE BY THE QUALIFYING SCHOOL
20 DISTRICT TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
21 UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA
22 300, MCL 38.1301 TO 38.1437.

23 (iv) THE REPAYMENT OF ANY LOAN OR OBLIGATIONS UNDER ANY LOAN
24 AGREEMENT BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL
25 FINANCIAL EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY
26 MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING
27 ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF TRANSITIONAL

1 OPERATING COSTS NOT TO EXCEED 3% OF THE TAXABLE VALUE OF THE
2 QUALIFYING SCHOOL DISTRICT.

3 (v) THE REPAYMENT OF ANY SCHOOL FINANCING STABILITY BONDS
4 UNDER SECTION 1356.

5 (vi) ANY OTHER MONETARY OBLIGATIONS OF THE QUALIFYING SCHOOL
6 DISTRICT.

7 (B) "OPERATING OBLIGATION" MEANS DEBT OF A SCHOOL DISTRICT
8 INCURRED FOR PURPOSES OF FINANCING THE OPERATION OF A SCHOOL
9 DISTRICT OR PUBLIC SCHOOLS OPERATED BY A SCHOOL DISTRICT,
10 INCLUDING, BUT NOT LIMITED TO, FISCAL STABILITY BONDS UNDER SECTION
11 1356 AND AN EMERGENCY LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT,
12 1980 PA 243, MCL 141.931 TO 141.942, AND TRANSITIONAL OPERATING
13 COSTS. OPERATING OBLIGATION DOES NOT INCLUDE DEBT OF A SCHOOL
14 DISTRICT INCURRED FOR THE PURPOSE OF CONSTRUCTING, RENOVATING,
15 MAINTAINING, OR OTHERWISE IMPROVING SCHOOL FACILITIES.

16 (C) "TRANSFER DATE" MEANS THE FIRST JULY 1 AFTER THE DATE A
17 SCHOOL DISTRICT BECOMES A QUALIFYING SCHOOL DISTRICT. FOR A SCHOOL
18 DISTRICT THAT BECAME A QUALIFYING SCHOOL DISTRICT ON THE EFFECTIVE
19 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION, THE
20 TRANSFER DATE IS JULY 1, 2016.

21 (D) "TRANSITIONAL OPERATING COST" MEANS A COST OF OPERATING
22 PUBLIC SCHOOLS INCURRED BY A COMMUNITY DISTRICT AS A RESULT OF THE
23 TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FROM A QUALIFYING SCHOOL
24 DISTRICT TO A COMMUNITY DISTRICT, AS AGREED TO IN WRITING,
25 INCLUDING, BUT NOT LIMITED TO, ACADEMIC AND INSTRUCTIONAL SUPPORT;
26 PORTFOLIO PLANNING; PROFESSIONAL TRANSITION COSTS SUCH AS
27 INFORMATION TECHNOLOGY, LEGAL, ACCOUNTING, HUMAN RESOURCES, AND

1 FINANCIAL; PAYMENTS TO VENDORS; COSTS RELATING TO CHANGES IN TIMING
2 FOR GRANT FUNDING OR REIMBURSEMENTS; CASH FLOW NEEDS; INSURANCE;
3 ACADEMIC PROGRAM EXPENDITURES; DEFERRED MAINTENANCE; SPACE
4 CONSOLIDATION; AND FACILITIES RATIONALIZATION.

5 PART 5B

6 COMMUNITY DISTRICTS

7 SEC. 381. (1) A SCHOOL DISTRICT ORGANIZED AS A COMMUNITY
8 DISTRICT SHALL BE GOVERNED BY THIS PART, BY THE PROVISIONS OF
9 ARTICLE 2 NOT INCONSISTENT WITH THIS PART, AND BY ARTICLES 3 AND 4.

10 (2) A COMMUNITY DISTRICT IS A POLITICAL SUBDIVISION AND PUBLIC
11 BODY CORPORATE SEPARATE AND DISTINCT FROM THIS STATE AND OTHER
12 SCHOOL DISTRICTS IN THIS STATE.

13 (3) THE NAME OF A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL
14 INCLUDE THE NAME OF THE CITY, VILLAGE, OR TOWNSHIP WITH THE LARGEST
15 POPULATION LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE
16 COMMUNITY DISTRICT, THE WORD "SCHOOL" OR "SCHOOLS", AND THE WORD
17 "COMMUNITY" OR "DISTRICT", OR BOTH.

18 (4) A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL BE UNDER THE
19 JURISDICTION OF THE SCHOOL BOARD OF THE COMMUNITY DISTRICT PROVIDED
20 FOR BY SECTION 384.

21 SEC. 382. EXCEPT AS OTHERWISE PROVIDED IN THIS PART, A
22 COMMUNITY DISTRICT SHALL BE ORGANIZED AND CONDUCTED IN THE SAME
23 MANNER AS A GENERAL POWERS SCHOOL DISTRICT. EXCEPT AS OTHERWISE
24 PROVIDED BY LAW, A COMMUNITY DISTRICT HAS ALL OF THE POWERS OF A
25 GENERAL POWERS SCHOOL DISTRICT UNDER SECTION 11A AND HAS ALL
26 ADDITIONAL POWERS GRANTED BY LAW TO A COMMUNITY DISTRICT OR THE
27 SCHOOL BOARD OF A COMMUNITY DISTRICT. IF A FINANCIAL REVIEW

1 COMMISSION IS IN PLACE FOR A COMMUNITY DISTRICT, BOTH OF THE
2 FOLLOWING APPLY:

3 (A) THE APPOINTMENT OF A SUPERINTENDENT FOR THE COMMUNITY
4 DISTRICT IS SUBJECT TO THE APPROVAL OF THE FINANCIAL REVIEW
5 COMMISSION. BEFORE THE SUPERINTENDENT'S APPOINTMENT IS FINAL, THE
6 SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL SUBMIT THE PROPOSED
7 APPOINTMENT IN WRITING TO THE FINANCIAL REVIEW COMMISSION FOR ITS
8 APPROVAL. IF THE PROPOSED APPOINTMENT IS NOT APPROVED BY THE
9 FINANCIAL REVIEW COMMISSION WITHIN 45 DAYS AFTER IT IS SUBMITTED IN
10 WRITING TO THE FINANCIAL REVIEW COMMISSION, THE APPOINTMENT IS
11 DENIED.

12 (B) THE COMMUNITY DISTRICT MAY NOT ALTER THE TERMS AND
13 CONDITIONS OF AN EMPLOYMENT CONTRACT WITH THE SUPERINTENDENT OF THE
14 COMMUNITY DISTRICT, ALTER THE BENEFITS PROVIDED TO THE
15 SUPERINTENDENT, OR TERMINATE THE EMPLOYMENT OF THE SUPERINTENDENT
16 UNLESS THAT ACTION IS APPROVED BY THE FINANCIAL REVIEW COMMISSION.

17 SEC. 383. EFFECTIVE 30 DAYS AFTER A SCHOOL DISTRICT BECOMES A
18 QUALIFYING SCHOOL DISTRICT, A COMMUNITY DISTRICT IS CREATED FOR THE
19 SAME GEOGRAPHIC AREA OF THAT QUALIFYING SCHOOL DISTRICT TO PROVIDE
20 PUBLIC EDUCATION SERVICES FOR RESIDENTS OF THAT GEOGRAPHIC AREA AND
21 TO OTHERWISE EXERCISE THE POWERS OF A COMMUNITY DISTRICT FOR THAT
22 GEOGRAPHIC AREA BEGINNING ON THE TRANSFER DATE FOR THAT QUALIFYING
23 SCHOOL DISTRICT. AS USED IN THIS SECTION, "TRANSFER DATE" MEANS
24 THAT TERM AS DEFINED IN SECTION 12B.

25 SEC. 384. (1) THE SCHOOL BOARD FOR A COMMUNITY DISTRICT SHALL
26 CONSIST OF 9 SCHOOL ELECTORS OF THE COMMUNITY DISTRICT. THE INITIAL
27 SCHOOL BOARD SHALL INCLUDE 3 MEMBERS APPOINTED BY THE CHIEF

1 ADMINISTRATIVE OFFICER, 4 MEMBERS APPOINTED BY THE GOVERNOR, 1
2 MEMBER APPOINTED BY THE GOVERNOR FROM AMONG 1 OR MORE NOMINEES
3 SUBMITTED BY THE SENATE MAJORITY LEADER, AND 1 MEMBER APPOINTED BY
4 THE GOVERNOR FROM AMONG 1 OR MORE NOMINEES SUBMITTED BY THE SPEAKER
5 OF THE HOUSE OF REPRESENTATIVES. MEMBERS OF THE SCHOOL BOARD SHALL
6 BE APPOINTED WITHIN 30 DAYS AFTER THE CREATION OF THE COMMUNITY
7 DISTRICT. IF THE CHIEF ADMINISTRATIVE OFFICER FAILS TO APPOINT A
8 MEMBER WITHIN THAT 30-DAY PERIOD, THE MEMBER SHALL INSTEAD BE
9 APPOINTED BY THE GOVERNOR. ALL MEMBERS APPOINTED SHALL BE RESIDENTS
10 OF THE COMMUNITY DISTRICT.

11 (2) OF THE MEMBERS INITIALLY APPOINTED BY THE CHIEF
12 ADMINISTRATIVE OFFICER, 2 MEMBERS SHALL BE APPOINTED FOR A TERM
13 EXPIRING ON THE FIRST DECEMBER 31 OCCURRING IN AN ODD-NUMBERED YEAR
14 AFTER THE CREATION OF THE COMMUNITY DISTRICT AND 1 MEMBER SHALL BE
15 APPOINTED FOR A TERM EXPIRING ON THE SECOND DECEMBER 31 OCCURRING
16 IN AN ODD-NUMBERED YEAR AFTER THE CREATION OF THE COMMUNITY
17 DISTRICT.

18 (3) OF THE MEMBERS INITIALLY APPOINTED BY THE GOVERNOR, 1
19 MEMBER SHALL BE APPOINTED FOR A TERM EXPIRING ON THE SECOND
20 DECEMBER 31 OCCURRING IN AN ODD-NUMBERED YEAR AFTER THE CREATION OF
21 THE COMMUNITY DISTRICT, 2 MEMBERS SHALL BE APPOINTED FOR A TERM
22 EXPIRING ON THE THIRD DECEMBER 31 OCCURRING IN AN ODD-NUMBERED YEAR
23 AFTER THE CREATION OF THE COMMUNITY DISTRICT, AND 1 MEMBER SHALL BE
24 APPOINTED FOR A TERM EXPIRING ON THE FOURTH DECEMBER 31 OCCURRING
25 IN AN ODD-NUMBERED YEAR AFTER THE CREATION OF THE COMMUNITY
26 DISTRICT.

27 (4) THE MEMBER APPOINTED FROM THE NOMINEES OF THE SENATE

1 MAJORITY LEADER AND THE MEMBER APPOINTED FROM THE NOMINEES OF THE
2 SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL BE APPOINTED FOR
3 TERMS THAT END ON THE FOURTH DECEMBER 31 OCCURRING IN ANY ODD-
4 NUMBERED YEAR AFTER CREATION OF THE COMMUNITY DISTRICT.

5 (5) IF A VACANCY OCCURS DURING AN INITIAL TERM OF AN APPOINTED
6 MEMBER OF THE SCHOOL BOARD OF A COMMUNITY DISTRICT, THE VACANCY
7 SHALL BE FILLED IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT FOR
8 THE BALANCE OF THE UNEXPIRED TERM.

9 (6) THE CHIEF ADMINISTRATIVE OFFICER SHALL DESIGNATE AN
10 APPOINTED MEMBER OF THE SCHOOL BOARD OF THE COMMUNITY DISTRICT TO
11 SERVE AS ITS INITIAL CHAIRPERSON. IF THE CHIEF ADMINISTRATIVE
12 OFFICER FAILS TO DESIGNATE AN INITIAL CHAIRPERSON WITHIN 30 DAYS
13 AFTER THE CREATION OF THE COMMUNITY DISTRICT, THE GOVERNOR SHALL
14 DESIGNATE AN INITIAL CHAIRPERSON. AFTER THE INITIAL DESIGNATION,
15 THE MEMBERS OF THE SCHOOL BOARD SHALL DESIGNATE ITS CHAIRPERSON.

16 (7) A MEMBER OF A SCHOOL BOARD FOR A QUALIFYING SCHOOL
17 DISTRICT UNDER SECTION 12B MAY NOT ALSO SERVE AS A MEMBER OF A
18 SCHOOL BOARD FOR A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
19 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT. A MEMBER OF A SCHOOL
20 BOARD OF A COMMUNITY DISTRICT MAY NOT ALSO SERVE AS A MEMBER OF A
21 SCHOOL BOARD FOR A QUALIFYING SCHOOL DISTRICT THAT HAS THE SAME
22 GEOGRAPHIC BOUNDARIES AS THE COMMUNITY DISTRICT.

23 (8) A MEMBER OF THE SCHOOL BOARD APPOINTED TO AN INITIAL TERM
24 UNDER THIS SECTION SHALL CONTINUE TO SERVE UNTIL A REPLACEMENT
25 MEMBER IS ELECTED AND TAKES OFFICE. MEMBERS ELECTED TO THE BOARD
26 SHALL BE ELECTED AT THE NOVEMBER REGULAR ELECTION IN ODD-NUMBERED
27 YEARS, WITH NOMINATIONS FOR THE NOVEMBER REGULAR ELECTION OCCURRING

1 AT THE AUGUST PRIMARY ELECTION IN ODD-NUMBERED YEARS. AFTER THE
2 INITIAL APPOINTED TERMS, MEMBERS OF THE SCHOOL BOARD OF THE
3 COMMUNITY DISTRICT SHALL BE ELECTED TO 6-YEAR TERMS. THE TERMS OF
4 MEMBERS ELECTED TO THE SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL
5 BEGIN ON JANUARY 1.

6 (9) AS USED IN THIS SECTION, "CHIEF ADMINISTRATIVE OFFICER"
7 MEANS THE MAYOR OF A CITY IF THE CITY HAS THE LARGEST POPULATION OF
8 ANY CITY, VILLAGE, OR TOWNSHIP LOCATED WITHIN THE GEOGRAPHIC AREA
9 OF THE COMMUNITY DISTRICT; THE PRESIDENT OF A VILLAGE IF THE
10 VILLAGE HAS THE LARGEST POPULATION OF ANY CITY, VILLAGE, OR
11 TOWNSHIP LOCATED WITHIN THE GEOGRAPHIC AREA OF THE COMMUNITY
12 DISTRICT; OR THE SUPERVISOR OF A TOWNSHIP IF THE TOWNSHIP HAS THE
13 LARGEST POPULATION OF ANY CITY, VILLAGE, OR TOWNSHIP LOCATED WITHIN
14 THE GEOGRAPHIC AREA OF THE COMMUNITY DISTRICT.

15 SEC. 385. (1) WITHIN 90 DAYS AFTER THE CREATION OF A COMMUNITY
16 DISTRICT, THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL APPOINT
17 A SUPERINTENDENT FOR THE COMMUNITY DISTRICT, SUBJECT TO SECTION
18 382. THE SUPERINTENDENT SHALL BE SELECTED BASED UPON HIS OR HER
19 DEMONSTRATED ABILITY, RECORD OF COMPETENCE, EXPERIENCE IN
20 INCREASING ACADEMIC ACHIEVEMENT, EXPERIENCE WITH EDUCATION REFORM
21 AND REDESIGN, AND EXPERTISE IN THE TURNAROUND OF ACADEMICALLY
22 UNDERPERFORMING URBAN SCHOOLS. A VACANCY IN THE OFFICE OF
23 SUPERINTENDENT SHALL BE FILLED IN THE SAME MANNER AS THE ORIGINAL
24 APPOINTMENT.

25 (2) ON AN ANNUAL BASIS, THE SCHOOL BOARD OF A COMMUNITY
26 DISTRICT SHALL EVALUATE AND ISSUE A REPORT ON THE PERFORMANCE OF
27 THE COMMUNITY DISTRICT BASED ON THE FOLLOWING FACTORS:

1 (A) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
2 DISTRICT WHO ACHIEVE SCORES AT LEAST EQUIVALENT TO PROFICIENT ON
3 STATE ASSESSMENTS.

4 (B) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
5 DISTRICT WHO ACHIEVE AT LEAST A SCHOOL YEAR'S WORTH OF ACADEMIC
6 GROWTH IN A SCHOOL YEAR.

7 (C) THE PROPORTION OF GRADUATES FROM OR PUPILS ENROLLED IN THE
8 COMMUNITY DISTRICT WHO ARE ENROLLED IN SOME FORM OF POSTSECONDARY
9 EDUCATION.

10 (3) ON AT LEAST AN ANNUAL BASIS, THE SCHOOL BOARD OF A
11 COMMUNITY DISTRICT SHALL EVALUATE THE PERFORMANCE OF THE
12 SUPERINTENDENT OF THE COMMUNITY DISTRICT.

13 SEC. 386. IF ANOTHER SCHOOL DISTRICT IS AUTHORIZED TO LEVY A
14 SCHOOL OPERATING TAX UNDER SECTION 1211 WITHIN THE GEOGRAPHIC
15 BOUNDARIES OF THE COMMUNITY DISTRICT DURING A TAX YEAR, THE
16 COMMUNITY DISTRICT SHALL NOT LEVY A SCHOOL OPERATING TAX UNDER
17 SECTION 1211 DURING THAT TAX YEAR.

18 SEC. 387. IF THE GEOGRAPHIC AREA OF A COMMUNITY DISTRICT
19 INCLUDES A QUALIFIED CITY AS THAT TERM IS DEFINED UNDER THE
20 MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014 PA 181, MCL 141.1631
21 TO 141.1643, THE COMMUNITY DISTRICT IS SUBJECT TO FINANCIAL
22 OVERSIGHT BY THE FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED
23 CITY TO THE EXTENT PROVIDED UNDER THAT ACT.

24 SEC. 388. (1) A COMMUNITY DISTRICT SHALL NOT EXPEND MORE THAN
25 6.3% OF ITS CURRENT OPERATING EXPENDITURES FOR ADMINISTRATIVE
26 EXPENDITURES.

27 (2) THE STATE TREASURER SHALL MONITOR AND VERIFY COMPLIANCE

1 WITH SUBSECTION (1) BY OBTAINING THE NECESSARY INFORMATION FROM THE
2 DEPARTMENT AT LEAST ANNUALLY. IF THE STATE TREASURER DETERMINES
3 THAT A COMMUNITY DISTRICT IS NOT IN COMPLIANCE WITH SUBSECTION (1),
4 THE STATE TREASURER SHALL NOTIFY THE COMMUNITY DISTRICT, THE
5 DEPARTMENT, AND THE LEGISLATURE.

6 (3) A COMMUNITY DISTRICT SHALL PRIORITIZE A PORTION OF ITS
7 FUNDING TO PAY FOR FACILITY-RELATED IMPROVEMENTS, SUCH AS COSTS
8 ASSOCIATED WITH DEFERRED MAINTENANCE, SPACE CONSOLIDATION, AND
9 SCHOOL CLOSURE OR OTHER BUILDING CLOSURES.

10 (4) AS USED IN THIS SECTION:

11 (A) "ADMINISTRATIVE EXPENDITURES" INCLUDES FUNCTIONS 23X, 25X,
12 AND 28X AND ALL OBJECT CODES EXCEPT 6XXX, AS DEFINED IN THE
13 MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL BULLETIN 1022, INCURRED IN
14 THE GENERAL, SPECIAL EDUCATION, AND VOCATIONAL EDUCATION FUNDS FOR
15 THE BENEFIT OF THE CURRENT FISCAL YEAR, WHETHER PAID OR UNPAID.

16 (B) "CURRENT OPERATING EXPENDITURES" INCLUDES FUNCTIONS 1XX,
17 2XX, AND 45X AND ALL OBJECT CODES EXCEPT 6XXX, AS DEFINED IN THE
18 MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL BULLETIN 1022, AND IS
19 EQUAL TO THE TOTAL OF INSTRUCTIONAL AND SUPPORT SERVICES
20 EXPENDITURES, INCLUDING THE TOTAL GENERAL FUND CHARGES INCURRED IN
21 THE GENERAL, SPECIAL EDUCATION, AND VOCATIONAL EDUCATION FUNDS FOR
22 THE BENEFIT OF THE CURRENT FISCAL YEAR, WHETHER PAID OR UNPAID, AND
23 ALL EXPENDITURES OF THE INSTRUCTIONAL PROGRAMS PLUS APPLICABLE
24 SUPPORTING SERVICE COSTS REDUCED BY CAPITAL OUTLAY, DEBT SERVICE,
25 COMMUNITY SERVICES, AND OUTGOING TRANSFERS AND OTHER TRANSACTIONS.

26 SEC. 389. (1) NOT LATER THAN 90 DAYS AFTER THE TRANSFER DATE,
27 THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL ESTABLISH AN "A-F"

1 ACCOUNTABILITY SYSTEM FOR SCHOOLS OPERATED BY A COMMUNITY DISTRICT
2 AND FOR ALL PUBLIC SCHOOL ACADEMIES LOCATED WITHIN A COMMUNITY
3 DISTRICT. THE DEPARTMENT SHALL IMPLEMENT AND ADMINISTER THE
4 ACCOUNTABILITY SYSTEM. SUBJECT TO SUBSECTION (2), THE
5 ACCOUNTABILITY SYSTEM SHALL BE AN A-F LETTER GRADING SYSTEM THAT
6 ASSIGNS A LETTER GRADE FOR EACH SCHOOL YEAR FOR ALL SCHOOLS
7 OPERATED BY THE COMMUNITY DISTRICT AND FOR ALL PUBLIC SCHOOL
8 ACADEMIES LOCATED WITHIN A COMMUNITY DISTRICT, WITH AN "A" SCHOOL
9 BEING DEFINED AS A HIGH-PERFORMING SCHOOL, AN "F" SCHOOL BEING
10 DEFINED AS A SCHOOL THAT IS ON THE LOWEST ACHIEVING SCHOOL LIST
11 UNDER SECTION 1280C, AND SHALL UTILIZE INDIVIDUAL STUDENT GROWTH,
12 AS MEASURED IN YEARS OF ACADEMIC PROGRESS, AS BEING AT LEAST 33%
13 BUT NOT MORE THAN 50% OF A SCHOOL'S OVERALL GRADE CALCULATION.

14 (2) IF THE LEGISLATURE ENACTS LEGISLATION ESTABLISHING A
15 LETTER GRADING SYSTEM FOR ALL PUBLIC SCHOOLS IN THIS STATE, A
16 COMMUNITY DISTRICT, THE SCHOOLS OPERATED BY A COMMUNITY DISTRICT,
17 AND THE PUBLIC SCHOOL ACADEMIES LOCATED WITHIN A COMMUNITY DISTRICT
18 ARE SUBJECT TO AND SHALL COMPLY WITH THE STATEWIDE LETTER GRADING
19 SYSTEM.

20 (3) AS USED IN THIS SECTION, "TRANSFER DATE" MEANS THAT TERM
21 AS DEFINED IN SECTION 12B.

22 SEC. 390. (1) IF A SCHOOL OPERATED BY A COMMUNITY DISTRICT HAS
23 OPERATED FOR AT LEAST 4 YEARS AND IS LISTED ON THE LIST ISSUED
24 UNDER SECTION 1280C(1) FOR 3 OUT OF THE PREVIOUS 5 SCHOOL YEARS,
25 THEN THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL INCLUDE THAT
26 SCHOOL ON THE LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER SUBSECTION
27 (3).

1 (2) IF A SCHOOL OPERATED BY A COMMUNITY DISTRICT OR BY A
2 PUBLIC SCHOOL ACADEMY LOCATED WITHIN A COMMUNITY DISTRICT HAS
3 RECEIVED A LETTER GRADE OF "D" OR LOWER FOR 3 CONSECUTIVE SCHOOL
4 YEARS UNDER THE COMMUNITY DISTRICT "A-F" ACCOUNTABILITY SYSTEM
5 UNDER SECTION 389, THE STATE SCHOOL REFORM/REDESIGN OFFICE SHALL
6 INCLUDE THAT SCHOOL ON THE LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER
7 SUBSECTION (3).

8 (3) BY OCTOBER 1 OF EACH YEAR, THE STATE SCHOOL
9 REFORM/REDESIGN OFFICE SHALL PREPARE AND PUBLISH A LIST OF SCHOOLS
10 SUBJECT TO CLOSURE UNDER THIS SECTION. THE DEPARTMENT SHALL MAKE
11 THE LIST AVAILABLE TO THE PUBLIC ON THE DEPARTMENT'S WEBSITE AND
12 SHALL PROVIDE THE LIST TO THE COMMUNITY DISTRICT AND TO EACH PUBLIC
13 SCHOOL ACADEMY LOCATED WITHIN THE COMMUNITY DISTRICT.

14 (4) WITHIN 30 DAYS AFTER THE PUBLICATION OF THE STATE SCHOOL
15 REFORM/REDESIGN OFFICE'S LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER
16 SUBSECTION (3), THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL
17 ISSUE AN ORDER SUBJECTING EACH SCHOOL ON THE LIST TO CLOSURE
18 EFFECTIVE AT THE END OF THE CURRENT SCHOOL YEAR.

19 SEC. 391. (1) WITHIN 180 DAYS AFTER THE TRANSFER DATE, A
20 COMMUNITY DISTRICT OR A PUBLIC SCHOOL ACADEMY LOCATED WITHIN A
21 COMMUNITY DISTRICT SHALL ESTABLISH AN EARLY LITERACY SYSTEM THAT
22 INCLUDES AT LEAST ALL OF THE FOLLOWING:

23 (A) AN EARLY SCREENING SYSTEM TO IDENTIFY PUPILS WITH READING
24 DEFICIENCIES IN GRADES K TO 3.

25 (B) INTERVENTION PROGRAMS TO ADDRESS EACH PUPIL'S INDIVIDUAL
26 BARRIERS TO READING, IF ANY.

27 (C) ADDITIONAL CLASS TIME DEDICATED TO READING.

1 (D) A "READ AT HOME" PLAN FOR PARENTS AND GUARDIANS TO ENSURE
2 THEY HAVE THE RESOURCES NECESSARY TO PROVIDE THE CHILD WITH THE
3 SUPPLEMENTAL SUPPORT THE CHILD NEEDS.

4 (2) IF THE LEGISLATURE ENACTS LEGISLATION ESTABLISHING AN
5 EARLY LITERACY SYSTEM OR ELEMENTARY READING INTERVENTION
6 REQUIREMENTS FOR ALL PUBLIC SCHOOLS IN THIS STATE, A COMMUNITY
7 DISTRICT, THE SCHOOLS OPERATED BY A COMMUNITY DISTRICT, AND THE
8 PUBLIC SCHOOL ACADEMIES LOCATED WITHIN A COMMUNITY DISTRICT ARE
9 SUBJECT TO AND SHALL COMPLY WITH THE STATEWIDE EARLY LITERACY
10 SYSTEM OR ELEMENTARY READING INTERVENTION REQUIREMENTS.

11 (3) AS USED IN THIS SECTION, "TRANSFER DATE" MEANS THAT TERM
12 AS DEFINED IN SECTION 12B.

13 SEC. 392. THIS PART DOES NOT REPEAL OR AFFECT A GENERAL LAW OR
14 LOCAL LAW GOVERNING THE MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY
15 ESTABLISHED IN A COMMUNITY DISTRICT UNDER THIS PART OR A FIRST
16 CLASS SCHOOL DISTRICT UNDER PART 6. ANY POWERS AND DUTIES OF A
17 QUALIFYING SCHOOL DISTRICT UNDER SECTION 12B RELATING TO THE
18 MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY ARE TRANSFERRED TO THE
19 COMMUNITY DISTRICT ON THE TRANSFER DATE FOR THE QUALIFYING SCHOOL
20 DISTRICT UNDER SECTION 12B.

21 SEC. 393. THE VALIDITY OF THE FORMATION OF A COMMUNITY
22 DISTRICT SHALL BE CONCLUSIVELY PRESUMED UNLESS QUESTIONED IN AN
23 ORIGINAL ACTION FILED IN THE COURT OF APPEALS WITHIN 60 DAYS AFTER
24 THE COMMUNITY DISTRICT IS CREATED UNDER SECTION 383. THE COURT OF
25 APPEALS HAS ORIGINAL JURISDICTION TO HEAR AN ACTION UNDER THIS
26 SECTION. THE COURT SHALL HEAR THE ACTION IN AN EXPEDITED MANNER.
27 THE DEPARTMENT OF TREASURY IS A NECESSARY PARTY IN ANY ACTION UNDER

1 THIS SECTION.

2 SEC. 394. (1) THE BOARD OF A COMMUNITY DISTRICT MAY APPOINT AN
3 ADVISORY BOARD TO ASSESS ACADEMICS AND OPERATIONS AND MAKE
4 RECOMMENDATIONS ON THE USE OF FACILITIES, ENROLLMENT, BUILDING
5 CAPACITY, TRANSPORTATION, STUDENT PROFICIENCY AND GROWTH,
6 GRADUATION RATES AND TRENDS, SPECIAL EDUCATION, WRAP-AROUND
7 SERVICES, AND OTHER MATTERS AS REQUESTED BY THE BOARD OF THE
8 COMMUNITY DISTRICT. THE ADVISORY BOARD MAY INCLUDE REPRESENTATIVES
9 OF AUTHORIZING BODIES FOR PUBLIC SCHOOL ACADEMIES OPERATING WITHIN
10 THE COMMUNITY DISTRICT, COMMUNITY GROUPS, AND OTHER INTERESTED
11 PARTIES WITH RELEVANT EXPERIENCE.

12 (2) IF AN ADVISORY BOARD IS APPOINTED UNDER SUBSECTION (1),
13 THE ADVISORY BODY SHALL MEET AT LEAST ANNUALLY, SHALL REGULARLY
14 REPORT ON ITS ACTIVITIES TO THE SCHOOL BOARD, AND SHALL PREPARE AND
15 SUBMIT TO THE BOARD AND SUPERINTENDENT OF THE COMMUNITY DISTRICT AN
16 ANNUAL WRITTEN REPORT OF ITS ASSESSMENT OF AND RECOMMENDATIONS FOR
17 THE COMMUNITY DISTRICT. THE COMMUNITY DISTRICT SHALL PROVIDE A COPY
18 OF THE ANNUAL REPORT TO THE STATE SCHOOL REFORM/REDESIGN OFFICER
19 AND TO THE STANDING COMMITTEES OF THE SENATE AND HOUSE OF
20 REPRESENTATIVES WITH RESPONSIBILITY FOR EDUCATION LEGISLATION.

21 SEC. 395. FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2016,
22 \$250,000.00 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT
23 OF TREASURY FOR THE PURPOSE OF PROVIDING FINANCIAL SUPPORT FOR THE
24 ORGANIZATION AND ADMINISTRATION OF ANY COMMUNITY DISTRICT FORMED
25 UNDER THIS PART DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.
26 THE STATE TREASURER SHALL ENSURE THAT A PORTION OF THIS MONEY IS
27 ALLOCATED AS A GRANT TO BE USED TO PROVIDE SCHOOL BOARD TRAINING TO

1 THE INITIAL ELECTED MEMBERS OF THE SCHOOL BOARD OF THE COMMUNITY
2 DISTRICT. THIS TRAINING SHALL BE PROVIDED TO EACH OF THESE BOARD
3 MEMBERS NO LATER THAN 30 DAYS AFTER HE OR SHE TAKES OFFICE AND
4 SHALL ADDRESS AT LEAST SCHOOL BOARD GOVERNANCE, PUBLIC SCHOOL
5 FINANCING, FISCAL RESPONSIBILITY, AND ETHICS.

6 Sec. 501. (1) A public school academy is a public school under
7 section 2 of article VIII of the state constitution of 1963, is a
8 school district for the purposes of section 11 of article IX of the
9 state constitution of 1963 and for the purposes of section 1225 and
10 section 1351a, and is subject to the leadership and general
11 supervision of the state board over all public education under
12 section 3 of article VIII of the state constitution of 1963. A
13 public school academy is a body corporate and is a governmental
14 agency. The powers granted to a public school academy under this
15 part constitute the performance of essential public purposes and
16 governmental functions of this state.

17 (2) As used in this part:

18 (a) "Authorizing body" means any of the following that issues
19 a contract as provided in this part:

20 (i) The board of a school district. ~~that operates grades K to~~
21 ~~12.~~

22 (ii) An intermediate school board.

23 (iii) The board of a community college.

24 (iv) The governing board of a state public university.

25 (v) Two or more of the public agencies described in
26 subparagraphs (i) to (iv) exercising power, privilege, or authority
27 jointly pursuant to an interlocal agreement under the urban

1 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
2 124.512.

3 (b) "Certificated teacher" means an individual who holds a
4 valid teaching certificate issued by the superintendent of public
5 instruction under section 1531.

6 (c) "Community college" means a community college organized
7 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
8 389.195, or a federal tribally controlled community college that is
9 recognized under the tribally controlled colleges and universities
10 assistance act of 1978, 25 USC 1801 to ~~1852, 1864~~, and is
11 determined by the department to meet the requirements for
12 accreditation by a recognized regional accrediting body.

13 (d) "Contract" means the executive act taken by an authorizing
14 body that evidences the authorization of a public school academy
15 and that establishes, subject to the constitutional powers of the
16 state board and applicable law, the written instrument executed by
17 an authorizing body conferring certain rights, franchises,
18 privileges, and obligations on a public school academy, as provided
19 by this part, and confirming the status of a public school academy
20 as a public school in this state.

21 (e) "Entity" means a partnership, nonprofit or business
22 corporation, labor organization, or any other association,
23 corporation, trust, or other legal entity.

24 (f) "State public university" means a state university
25 described in section 4, 5, or 6 of article VIII of the state
26 constitution of 1963.

27 Sec. 502. (1) A public school academy shall be organized and

1 administered under the direction of a board of directors in
2 accordance with this part and with bylaws adopted by the board of
3 directors. A public school academy corporation shall be organized
4 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
5 450.3192, except that a public school academy corporation is not
6 required to comply with sections 170 to 177 of 1931 PA 327, MCL
7 450.170 to 450.177. To the extent disqualified under the state or
8 federal constitution, a public school academy shall not be
9 organized by a church or other religious organization and shall not
10 have any organizational or contractual affiliation with or
11 constitute a church or other religious organization.

12 (2) Any of the following may act as an authorizing body to
13 issue a contract to organize and operate 1 or more public school
14 academies under this part:

15 (a) The board of a school district. ~~that operates grades K to~~
16 ~~12.~~ However, the board of a school district shall not issue a
17 contract for a public school academy to operate outside the school
18 district's boundaries, and a public school academy authorized by
19 the board of a school district shall not operate outside that
20 school district's boundaries.

21 (b) An intermediate school board. However, the board of an
22 intermediate school district shall not issue a contract for a
23 public school academy to operate outside the intermediate school
24 district's boundaries, and a public school academy authorized by
25 the board of an intermediate school district shall not operate
26 outside that intermediate school district's boundaries.

27 (c) The board of a community college. However, except as

1 otherwise provided in this subdivision, the board of a community
2 college shall not issue a contract for a public school academy to
3 operate in a school district organized as a school district of the
4 first class, a public school academy authorized by the board of a
5 community college shall not operate in a school district organized
6 as a school district of the first class, the board of a community
7 college shall not issue a contract for a public school academy to
8 operate outside the boundaries of the community college district,
9 and a public school academy authorized by the board of a community
10 college shall not operate outside the boundaries of the community
11 college district. The board of a community college also may issue a
12 contract for not more than 1 public school academy to operate on
13 the grounds of an active or closed federal military installation
14 located outside the boundaries of the community college district,
15 or may operate a public school academy itself on the grounds of
16 such a federal military installation, if the federal military
17 installation is not located within the boundaries of any community
18 college district and the community college has previously offered
19 courses on the grounds of the federal military installation for at
20 least 10 years.

21 (d) The governing board of a state public university. However,
22 the combined total number of contracts for public school academies
23 issued by all state public universities shall not exceed 300
24 through December 31, 2012 and shall not exceed 500 through December
25 31, 2014. After December 31, 2014, there is no limit on the
26 combined total number of contracts for public school academies that
27 may be issued by all state public universities.

1 (e) Two or more of the public agencies described in
2 subdivisions (a) to (d) exercising power, privilege, or authority
3 jointly pursuant to an interlocal agreement under the urban
4 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
5 124.512.

6 (3) To obtain a contract to organize and operate 1 or more
7 public school academies, 1 or more persons or an entity may apply
8 to an authorizing body described in subsection (2). The application
9 shall include at least all of the following:

10 (a) Identification of the applicant for the contract.

11 (b) Subject to the resolution adopted by the authorizing body
12 under section 503(5), a list of the proposed members of the board
13 of directors of the public school academy and a description of the
14 qualifications and method for appointment or election of members of
15 the board of directors.

16 (c) The proposed articles of incorporation, which shall
17 include at least all of the following:

18 (i) The name of the proposed public school academy.

19 (ii) The purposes for the public school academy corporation.

20 This language shall provide that the public school academy is
21 incorporated pursuant to this part and that the public school
22 academy corporation is a governmental entity.

23 (iii) The name of the authorizing body.

24 (iv) The proposed time when the articles of incorporation will
25 be effective.

26 (v) Other matters considered expedient to be in the articles
27 of incorporation.

1 (d) A copy of the proposed bylaws of the public school
2 academy.

3 (e) Documentation meeting the application requirements of the
4 authorizing body, including at least all of the following:

5 (i) The governance structure of the public school academy.

6 (ii) A copy of the educational goals of the public school
7 academy and the curricula to be offered and methods of pupil
8 assessment to be used by the public school academy. The educational
9 goals shall include demonstrated improved pupil academic
10 achievement for all groups of pupils. To the extent applicable, the
11 progress of the pupils in the public school academy shall be
12 assessed using ~~at least a Michigan education assessment program~~
13 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
14 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
15 Michigan merit examination under section 1279g, as applicable.

16 (iii) The admission policy and criteria to be maintained by
17 the public school academy. The admission policy and criteria shall
18 comply with section 504. This part of the application also shall
19 include a description of how the applicant will provide to the
20 general public adequate notice that a public school academy is
21 being created and adequate information on the admission policy,
22 criteria, and process.

23 (iv) The school calendar and school day schedule.

24 (v) The age or grade range of pupils to be enrolled.

25 (f) Descriptions of staff responsibilities and of the public
26 school academy's governance structure.

27 (g) For an application to the board of a school district, an

1 intermediate school board, or board of a community college,
2 identification of the local and intermediate school districts in
3 which the public school academy will be located.

4 (h) An agreement that the public school academy will comply
5 with the provisions of this part and, subject to the provisions of
6 this part, with all other state law applicable to public bodies and
7 with federal law applicable to public bodies or school districts.

8 (i) A description of and address for the proposed physical
9 plant in which the public school academy will be located. An
10 applicant may request the authorizing body to issue a contract
11 allowing the public school academy board of directors to operate
12 the same configuration of age or grade levels at more than 1 site.

13 (4) An authorizing body shall oversee, or shall contract with
14 an intermediate school district, community college, or state public
15 university to oversee, each public school academy operating under a
16 contract issued by the authorizing body. The authorizing body is
17 responsible for overseeing compliance by the board of directors
18 with the contract and all applicable law. This subsection does not
19 relieve any other government entity of its enforcement or
20 supervisory responsibility.

21 (5) If the superintendent of public instruction finds that an
22 authorizing body is not engaging in appropriate continuing
23 oversight of 1 or more public school academies operating under a
24 contract issued by the authorizing body, the superintendent of
25 public instruction may suspend the power of the authorizing body to
26 issue new contracts to organize and operate public school
27 academies. A contract issued by the authorizing body during the

1 suspension is void. A contract issued by the authorizing body
2 before the suspension is not affected by the suspension.

3 (6) An authorizing body shall not charge a fee, or require
4 reimbursement of expenses, for considering an application for a
5 contract, for issuing a contract, or for providing oversight of a
6 contract for a public school academy in an amount that exceeds a
7 combined total of 3% of the total state school aid received by the
8 public school academy in the school year in which the fees or
9 expenses are charged. An authorizing body may provide other
10 services for a public school academy and charge a fee for those
11 services, but shall not require such an arrangement as a condition
12 to issuing the contract authorizing the public school academy.

13 (7) A public school academy shall be presumed to be legally
14 organized if it has exercised the franchises and privileges of a
15 public school academy for at least 2 years.

16 (8) An authorizing body may enter into an intergovernmental
17 agreement with another authorizing body to issue public school
18 academy contracts. At a minimum, the agreement shall further the
19 purposes set forth in section 501, describe which authorizing body
20 shall issue the contract, and set forth which authorizing body will
21 be responsible for monitoring compliance by the board of directors
22 of the public school academy with the contract and all applicable
23 law.

24 **(9) A PUBLIC SCHOOL ACADEMY THAT IS LOCATED WITHIN A COMMUNITY**
25 **DISTRICT IS SUBJECT TO SECTIONS 389 TO 391.**

26 Sec. 507. (1) An authorizing body that issues a contract for a
27 public school academy under this part shall do all of the

1 following:

2 (a) Ensure that the contract and the application for the
3 contract comply with the requirements of this part.

4 (b) Within 10 days after issuing the contract, submit to the
5 department a copy of the contract.

6 (c) Establish the method of selection, length of term, and
7 number of members of the board of directors of each public school
8 academy that it authorizes. The authorizing body shall ensure that
9 the board of directors includes representation from the local
10 community.

11 (d) Oversee each public school academy operating under a
12 contract issued by the authorizing body. The oversight shall be
13 sufficient to ensure that the board of directors is in compliance
14 with the terms of the contract and with applicable law.

15 (e) Develop and implement a process for holding a public
16 school academy accountable for meeting applicable academic
17 performance standards set forth in the contract and for
18 implementing corrective action for a public school academy that
19 does not meet those standards.

20 (f) Take necessary measures to ensure that the board of
21 directors of a public school academy operates independently of any
22 educational management company involved in the operations of the
23 public school academy.

24 (g) Oversee and ensure that the pupil admission process used
25 by the public school academy is operated in a fair and open manner
26 and is in compliance with the contract and this part.

27 (h) Ensure that the board of directors of the public school

1 academy maintains and releases information as necessary to comply
2 with applicable law.

3 (2) An authorizing body may enter into an agreement with 1 or
4 more other authorizing bodies to carry out any function of an
5 authorizing body under this act.

6 (3) The authorizing body for a public school academy is the
7 fiscal agent for the public school academy. A state school aid
8 payment for a public school academy shall be paid to the
9 authorizing body that is the fiscal agent for that public school
10 academy, and the authorizing body shall then forward the payment to
11 the public school academy. Within 30 days after a contract is
12 submitted to the department by an authorizing body under subsection
13 (1), the department shall issue a district code to the public
14 school academy for which the contract was issued. If the department
15 does not issue a district code within 30 days after a contract is
16 filed, the state treasurer shall assign a temporary district code
17 in order for the public school academy to receive funding under the
18 state school aid act of 1979.

19 (4) A contract issued under this part may be revoked by the
20 authorizing body if the authorizing body determines that 1 or more
21 of the following have occurred:

22 (a) Failure of the public school academy to demonstrate
23 improved pupil academic achievement for all groups of pupils or
24 meet the educational goals set forth in the contract.

25 (b) Failure of the public school academy to comply with all
26 applicable law.

27 (c) Failure of the public school academy to meet generally

1 accepted public sector accounting principles and demonstrate sound
2 fiscal stewardship.

3 (d) The existence of 1 or more other grounds for revocation as
4 specified in the contract.

5 (5) Except for a public school academy that is an alternative
6 school serving a special student population, if the ~~superintendent~~
7 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
8 determines that a public school academy site that has been
9 operating for at least 4 years is among the lowest achieving 5% of
10 all public schools in this state **FOR 3 OF THE PRECEDING 5 SCHOOL**
11 **YEARS**, as ~~defined for the purposes of the federal incentive grant~~
12 ~~program created under sections 14005 and 14006 of title XIV of the~~
13 ~~American recovery and reinvestment act of 2009, Public Law 111-5,~~
14 ~~is in year 2 of restructuring sanctions under the no child left~~
15 ~~behind act of 2001, Public Law 107-110,~~ **DETERMINED UNDER SECTION**
16 **1280C**, not to include ~~the~~ **ANY** individualized education plan
17 subgroup, and is not currently undergoing reconstitution under this
18 section, **OR IF THE PUBLIC SCHOOL ACADEMY HAS BEEN INCLUDED ON THE**
19 **LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER SECTION 390(3)**, the
20 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
21 **OFFICER** shall notify the public school academy's authorizing body.
22 If an authorizing body receives notice from the ~~superintendent of~~
23 ~~public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** under this
24 subsection, the authorizing body shall amend the public school
25 academy's contract to eliminate the public school academy's
26 authority to operate the existing age and grade levels at the site
27 and the public school academy shall cease operating the existing

1 age and grade levels at the site, effective at the end of the
2 current school year. If the public school academy operates at only
3 1 site, and the authorizing body receives notice from the
4 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
5 **OFFICER** under this subsection, the authorizing body shall revoke
6 the public school academy's contract, effective at the end of the
7 current school year.

8 (6) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 502, THE**
9 decision of an authorizing body to issue, not issue, or
10 reconstitute a contract under this part, or to terminate or revoke
11 a contract under this section, is solely within the discretion of
12 the authorizing body, is final, and is not subject to review by a
13 court or any state agency. An authorizing body that issues, does
14 not issue, or reconstitutes a contract under this part, or that
15 terminates or revokes a contract under this section, is not liable
16 for that action to the public school academy, the public school
17 academy corporation, a pupil of the public school academy, the
18 parent or guardian of a pupil of the public school academy, or any
19 other person.

20 (7) Except as otherwise provided in ~~subsection (5),~~ **THIS**
21 **SECTION,** before an authorizing body revokes a contract, the
22 authorizing body may consider and take corrective measures to avoid
23 revocation. An authorizing body may reconstitute the public school
24 academy in a final attempt to improve student educational
25 performance or to avoid interruption of the educational process. An
26 authorizing body shall include a reconstituting provision in the
27 contract that identifies these corrective measures, including, but

1 not limited to, canceling a contract with an educational management
2 organization, if any, withdrawing approval of a contract under
3 section 506, or appointing a new board of directors or a trustee to
4 take over operation of the public school academy.

5 (8) If an authorizing body revokes a contract, the authorizing
6 body shall work with a school district or another public school, or
7 with a combination of these entities, to ensure a smooth transition
8 for the affected pupils. If the revocation occurs during the school
9 year, the authorizing body, as the fiscal agent for the public
10 school academy under this part, shall return any school aid funds
11 held by the authorizing body that are attributable to the affected
12 pupils to the state treasurer for deposit into the state school aid
13 fund. The state treasurer shall distribute funds to the public
14 school in which the pupils enroll after the revocation pursuant to
15 a methodology established by the department and the center for
16 educational performance and information.

17 (9) Not more than 10 days after a public school academy's
18 contract terminates or is revoked, the authorizing body shall
19 notify the superintendent of public instruction in writing of the
20 name of the public school academy whose contract has terminated or
21 been revoked and the date of contract termination or revocation.

22 Sec. 522. (1) An urban high school academy shall be organized
23 and administered under the direction of a board of directors in
24 accordance with this part and with bylaws adopted by the board of
25 directors. An urban high school academy corporation shall be
26 organized under the nonprofit corporation act, 1982 PA 162, MCL
27 450.2101 to 450.3192, except that an urban high school academy

1 corporation is not required to comply with sections 170 to 177 of
2 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
3 under the state or federal constitution, an urban high school
4 academy shall not be organized by a church or other religious
5 organization and shall not have any organizational or contractual
6 affiliation with or constitute a church or other religious
7 organization.

8 (2) The governing board of a state public university may act
9 as an authorizing body to issue a contract for the organization and
10 operation of an urban high school academy under this part.

11 (3) A contract issued under this part shall be issued for an
12 initial term of 10 years. If the urban high school academy meets
13 the educational goals set forth in the contract and operates in
14 substantial compliance with this part, the authorizing body shall
15 automatically renew the contract for a subsequent 10-year term.

16 (4) To obtain a contract to organize and operate 1 or more
17 urban high school academies, an entity may apply to an authorizing
18 body described in subsection (2). The contract shall be issued to
19 an urban high school academy corporation designated by the entity
20 applying for the contract. The application shall include at least
21 all of the following:

22 (a) Name of the entity applying for the contract.

23 (b) Subject to the resolution adopted by the authorizing body
24 under section 528, a list of the proposed members of the board of
25 directors of the urban high school academy and a description of the
26 qualifications and method for appointment or election of members of
27 the board of directors.

1 (c) The proposed articles of incorporation, which shall
2 include at least all of the following:

3 (i) The name of the proposed urban high school academy to
4 which the contract will be issued.

5 (ii) The purposes for the urban high school academy
6 corporation. This language shall provide that the urban high school
7 academy is incorporated pursuant to this part and that the urban
8 high school academy corporation is a governmental entity and
9 political subdivision of this state.

10 (iii) The name of the authorizing body.

11 (iv) The proposed time when the articles of incorporation will
12 be effective.

13 (v) Other matters considered expedient to be in the articles
14 of incorporation.

15 (d) A copy of the proposed bylaws of the urban high school
16 academy.

17 (e) Documentation meeting the application requirements of the
18 authorizing body, including at least all of the following:

19 (i) The governance structure of the urban high school academy.

20 (ii) A copy of the educational goals of the urban high school
21 academy and the curricula to be offered and methods of pupil
22 assessment to be used by the urban high school academy. The
23 educational goals shall include demonstrated improved pupil
24 academic achievement for all groups of pupils. To the extent
25 applicable, the progress of the pupils in the urban high school
26 academy shall be assessed using ~~at least a Michigan education~~
27 ~~assessment program (MEAP) test~~ **BOTH THE MATHEMATICS AND READING**

1 **PORTIONS OF THE MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-**
2 **STEP)** or the Michigan merit examination under section 1279g, as
3 applicable.

4 (iii) The admission policy and criteria to be maintained by
5 the urban high school academy. The admission policy and criteria
6 shall comply with section 524. This part of the application also
7 shall include a description of how the applicant will provide to
8 the general public adequate notice that an urban high school
9 academy is being created and adequate information on the admission
10 policy, criteria, and process.

11 (iv) The school calendar and school day schedule.

12 (v) The age or grade range of pupils to be enrolled.

13 (f) Descriptions of staff responsibilities and of the urban
14 high school academy's governance structure.

15 (g) A description of and address for the proposed building or
16 buildings in which the urban high school academy will be located,
17 and a financial commitment by the entity applying for the contract
18 to construct or renovate the building or buildings that will be
19 occupied by the urban high school academy that is issued the
20 contract.

21 (5) If a particular state public university issues a contract
22 that allows an urban high school academy to operate the same
23 configuration of grades at more than 1 site, as provided in section
24 524(1), each of those sites shall be under the direction of the
25 board of directors that is a party to the contract.

26 (6) If the superintendent of public instruction finds that an
27 authorizing body is not engaging in appropriate continuing

1 oversight of 1 or more urban high school academies operating under
2 a contract issued by the authorizing body, the superintendent of
3 public instruction may suspend the power of the authorizing body to
4 issue new contracts to organize and operate urban high school
5 academies. A contract issued by the authorizing body during the
6 suspension is void. A contract issued by the authorizing body
7 before the suspension is not affected by the suspension.

8 (7) An authorizing body shall not charge a fee, or require
9 reimbursement of expenses, for considering an application for a
10 contract, for issuing a contract, or for providing oversight of a
11 contract for an urban high school academy in an amount that exceeds
12 a combined total of 3% of the total state school aid received by
13 the urban high school academy in the school year in which the fees
14 or expenses are charged. All of the following apply to this fee:

15 (a) An authorizing body may use this fee only for the
16 following purposes:

17 (i) Considering applications and issuing or administering
18 contracts.

19 (ii) Compliance monitoring and oversight of urban high school
20 academies.

21 (iii) Training for urban high school academy applicants,
22 administrators, and boards of directors.

23 (iv) Technical assistance to urban high school academies.

24 (v) Academic support to urban high school academies or to
25 pupils or graduates of urban high school academies.

26 (vi) Evaluation of urban high school academy performance.

27 (vii) Training of teachers, including supervision of teacher

1 interns.

2 (viii) Other purposes that assist the urban high school
3 academies or traditional public schools in achieving improved
4 academic performance.

5 (b) An authorizing body may provide other services for an
6 urban high school academy and charge a fee for those services, but
7 shall not require such an arrangement as a condition to issuing the
8 contract authorizing the urban high school academy.

9 (8) An urban high school academy shall be presumed to be
10 legally organized if it has exercised the franchises and privileges
11 of an urban high school academy for at least 2 years.

12 (9) **AN URBAN HIGH SCHOOL ACADEMY THAT IS LOCATED WITHIN A**
13 **COMMUNITY DISTRICT IS SUBJECT TO SECTIONS 389 TO 391.**

14 Sec. 528. (1) An authorizing body that issues a contract for
15 an urban high school academy under this part shall do all of the
16 following:

17 (a) Ensure that the contract and the application for the
18 contract comply with the requirements of this part.

19 (b) Within 10 days after issuing the contract, submit to the
20 department a copy of the contract.

21 (c) Adopt a resolution establishing the method of selection,
22 length of term, and number of members of the board of directors of
23 each urban high school academy that it authorizes. The resolution
24 shall be written or amended as necessary to include a requirement
25 that each member of the board of directors must be a citizen of the
26 United States.

27 (d) Oversee the operations of each urban high school academy

1 operating under a contract issued by the authorizing body. The
2 oversight shall be sufficient to ensure that the urban high school
3 academy is in compliance with the terms of the contract and with
4 applicable law. An authorizing body may enter into an agreement
5 with 1 or more other authorizing bodies to oversee an urban high
6 school academy operating under a contract issued by the authorizing
7 body.

8 (e) Develop and implement a process for holding an urban high
9 school academy board of directors accountable for meeting
10 applicable academic performance standards set forth in the contract
11 and for implementing corrective action for an urban high school
12 academy that does not meet those standards.

13 (f) Take necessary measures to ensure that an urban high
14 school academy board of directors operates independently of any
15 educational management company involved in the operations of the
16 urban high school academy.

17 (g) Oversee and ensure that the pupil admission process used
18 by the urban high school academy is operated in a fair and open
19 manner and is in compliance with the contract and this part.

20 (h) Ensure that the board of directors of the urban high
21 school academy maintains and releases information as necessary to
22 comply with applicable law.

23 (2) An authorizing body may enter into an agreement with 1 or
24 more other authorizing bodies to carry out any function of an
25 authorizing body under this act.

26 (3) The authorizing body for an urban high school academy is
27 the fiscal agent for the urban high school academy. A state school

1 aid payment for an urban high school academy shall be paid to the
2 authorizing body that is the fiscal agent for that urban high
3 school academy, which shall then forward the payment to the urban
4 high school academy. Within 30 days after a contract is submitted
5 to the department by an authorizing body under subsection (1), the
6 department shall issue a district code to the urban high school
7 academy for which the contract was issued. If the department does
8 not issue a district code within 30 days after a contract is filed,
9 the state treasurer shall assign a temporary district code in order
10 for the urban high school academy to receive funding under the
11 state school aid act of 1979.

12 (4) A contract issued under this part may be revoked by the
13 authorizing body that issued the contract if the authorizing body
14 determines that 1 or more of the following have occurred:

15 (a) Failure of the urban high school academy to demonstrate
16 improved pupil academic achievement for all groups of pupils or
17 meet the educational goals set forth in the contract.

18 (b) Failure of the urban high school academy to comply with
19 all applicable law.

20 (c) Failure of the urban high school academy to meet generally
21 accepted public sector accounting principles and demonstrate sound
22 fiscal stewardship.

23 (d) The existence of 1 or more other grounds for revocation as
24 specified in the contract.

25 (5) Except for an urban high school academy that is an
26 alternative school serving a special student population, if the
27 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**

1 **OFFICER** determines that an urban high school academy site that has
2 been operating for at least 4 years is among the lowest achieving
3 5% of all public schools in this state **FOR 3 OF THE PRECEDING 5**
4 **SCHOOL YEARS**, as defined ~~for the purposes of the federal incentive~~
5 ~~grant program created under sections 14005 and 14006 of title XIV~~
6 ~~of the American recovery and reinvestment act of 2009, Public Law~~
7 ~~111-5, is in year 2 of restructuring sanctions under the no child~~
8 ~~left behind act of 2001, Public Law 107-110, DETERMINED UNDER~~
9 **SECTION 1280C**, not to include ~~the~~ **ANY** individualized education plan
10 subgroup, and is not currently undergoing reconstitution under this
11 section, **OR IF THE URBAN HIGH SCHOOL ACADEMY HAS BEEN INCLUDED ON**
12 **THE LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER SECTION 390(3)**, the
13 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
14 **OFFICER** shall notify the urban high school academy's authorizing
15 body. If an authorizing body receives notice from the
16 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
17 **OFFICER** under this subsection, the authorizing body shall amend the
18 urban high school academy's contract to eliminate the urban high
19 school academy's authority to operate the existing age and grade
20 levels at the site and the urban high school academy shall cease
21 operating the existing age and grade levels at the site, effective
22 at the end of the current school year. If the urban high school
23 academy operates at only 1 site, and the authorizing body receives
24 notice from the ~~superintendent of public instruction~~ **STATE SCHOOL**
25 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
26 shall revoke the urban high school academy's contract, effective at
27 the end of the current school year.

1 (6) The decision of an authorizing body to issue, not issue,
2 or reconstitute a contract under this part, or to terminate or
3 revoke a contract under this section, is solely within the
4 discretion of the authorizing body, is final, and is not subject to
5 review by a court or any state agency. An authorizing body that
6 issues, does not issue, or reconstitutes a contract under this
7 part, or that terminates or revokes a contract under this section,
8 is not liable for that action to the urban high school academy, the
9 urban high school academy corporation, a pupil of the urban high
10 school academy, the parent or guardian of a pupil of the urban high
11 school academy, or any other person.

12 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
13 **SECTION**, before an authorizing body revokes a contract, the
14 authorizing body may consider and take corrective measures to avoid
15 revocation. An authorizing body may reconstitute the urban high
16 school academy in a final attempt to improve student educational
17 performance or to avoid interruption of the educational process. An
18 authorizing body shall include a reconstituting provision in the
19 contract that identifies these corrective measures, including, but
20 not limited to, removing 1 or more members of the board of
21 directors, withdrawing approval to contract under section 527, or
22 appointing a new board of directors or a trustee to take over
23 operation of the urban high school academy.

24 (8) If an authorizing body revokes a contract, the authorizing
25 body shall work with a school district or another public school, or
26 with a combination of these entities, to ensure a smooth transition
27 for the affected pupils. If the revocation occurs during the school

1 year, the authorizing body, as the fiscal agent for the urban high
2 school academy under this part, shall return any school aid funds
3 held by the authorizing body that are attributable to the affected
4 pupils to the state treasurer for deposit into the state school aid
5 fund. The state treasurer shall distribute funds to the public
6 school in which the pupils enroll after the revocation pursuant to
7 a methodology established by the department and the center for
8 educational performance and information.

9 ~~—— (9) If an authorizing body revokes a contract issued under~~
10 ~~this part, the authorizing body may issue a new contract within the~~
11 ~~1-year period following the revocation without the new contract~~
12 ~~counting toward the maximum number of contracts that may be issued~~
13 ~~under this part.~~

14 (9) ~~(10)~~ Not more than 10 days after an urban high school
15 academy's contract terminates or is revoked, the authorizing body
16 shall notify the superintendent of public instruction in writing of
17 the name of the urban high school academy whose contract has
18 terminated or been revoked and the date of contract termination or
19 revocation.

20 (10) ~~(11)~~ If an urban high school academy's contract
21 terminates or is revoked, title to all real and personal property,
22 interest in real or personal property, and other assets owned by
23 the urban high school academy shall revert to the state. This
24 property shall be distributed in accordance with the following:

25 (a) Within 30 days following the termination or revocation,
26 the board of directors of an urban high school academy shall hold a
27 public meeting to adopt a plan of distribution of assets and to

1 approve the dissolution of the urban high school academy
2 corporation, all in accordance with chapter 8 of the nonprofit
3 corporation act, 1982 PA 162, MCL 450.2801 to 450.2864.

4 (b) The urban high school academy shall file a certificate of
5 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**
6 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
7 board approval.

8 (c) Simultaneously with the filing of the certificate of
9 dissolution under subdivision (b), the urban high school academy
10 board of directors shall provide a copy of the board of directors'
11 plan of distribution of assets to the state treasurer for approval.
12 Within 30 days, the state treasurer, or his or her designee, shall
13 review and approve the board of directors' plan of distribution of
14 assets. If the proposed plan of distribution of assets is not
15 approved within 30 days, the state treasurer, or his or her
16 designee, shall provide the board of directors with an acceptable
17 plan of distribution of assets.

18 (d) The state treasurer, or his or her designee, shall monitor
19 the urban high school academy's winding up of the dissolved
20 corporation in accordance with the plan of distribution of assets
21 approved or provided under subdivision (c).

22 (e) As part of the plan of distribution of assets, the urban
23 high school academy board of directors shall designate the director
24 of the department of technology, management, and budget, or his or
25 her designee, to dispose of all real property of the urban high
26 school academy corporation in accordance with the directives
27 developed for disposition of surplus land and facilities under

1 section 251 of the management and budget act, 1984 PA 431, MCL
2 18.1251.

3 (f) If the board of directors of an urban high school academy
4 fails to take any necessary action under this section, the state
5 treasurer, or his or her designee, may suspend the urban high
6 school academy board of directors and appoint a trustee to carry
7 out the board's plan of distribution of assets. Upon appointment,
8 the trustee shall have all the rights, powers, and privileges under
9 law that the urban high school academy board of directors had
10 before being suspended.

11 (g) Following the sale of the real or personal property or
12 interests in the real or personal property, and after payment of
13 any urban high school academy debt secured by the property or
14 interest in property, whether real or personal, the urban high
15 school academy board of directors, or a trustee appointed under
16 this section, shall forward any remaining money to the state
17 treasurer. Following receipt, the state treasurer, or his or her
18 designee, shall deposit this remaining money in the state school
19 aid fund.

20 Sec. 551. (1) A school of excellence is a public school under
21 section 2 of article VIII of the state constitution of 1963, is a
22 school district for the purposes of section 11 of article IX of the
23 state constitution of 1963 and for the purposes of section 1225 and
24 section 1351a, and is subject to the leadership and general
25 supervision of the state board over all public education under
26 section 3 of article VIII of the state constitution of 1963. A
27 school of excellence is a body corporate and is a governmental

1 agency. The powers granted to a school of excellence under this
2 part constitute the performance of essential public purposes and
3 governmental functions of this state.

4 (2) As used in this part:

5 (a) "Authorizing body" means any of the following that issues
6 a contract as provided in this part:

7 (i) The board of a school district. ~~that operates grades K to~~
8 ~~12.~~

9 (ii) An intermediate school board.

10 (iii) The board of a community college.

11 (iv) The governing board of a state public university.

12 (v) Two or more of the public agencies described in
13 subparagraphs (i) to (iv) exercising power, privilege, or authority
14 jointly pursuant to an interlocal agreement under the urban
15 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
16 124.512.

17 (b) "Certificated teacher" means an individual who holds a
18 valid teaching certificate issued by the superintendent of public
19 instruction under section 1531.

20 (c) "Community college" means a community college organized
21 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
22 389.195, or a federal tribally controlled community college that is
23 recognized under the tribally controlled colleges and universities
24 assistance act of 1978, 25 USC 1801 to ~~1852,~~ **1864**, and is
25 determined by the department to meet the requirements for
26 accreditation by a recognized regional accrediting body.

27 (d) "Contract" means the executive act taken by an authorizing

1 body that evidences the authorization of a school of excellence and
2 that establishes, subject to the constitutional powers of the state
3 board and applicable law, the written instrument executed by an
4 authorizing body conferring certain rights, franchises, privileges,
5 and obligations on a school of excellence, as provided by this
6 part, and confirming the status of a school of excellence as a
7 public school in this state.

8 (e) "Cyber school" means a school of excellence established
9 under this part that has been issued a contract to be organized and
10 operated as a cyber school under section 552(2) and that provides
11 full-time instruction to pupils through online learning or
12 otherwise on a computer or other technology, which instruction and
13 learning may be remote from a school facility.

14 (f) "Educational management organization" means an entity that
15 enters into an agreement with the governing board of a public
16 school to provide comprehensive educational, administrative,
17 management, or instructional services or staff to the public
18 school.

19 (g) "Entity" means a partnership, nonprofit or business
20 corporation, labor organization, or any other association,
21 corporation, trust, or other legal entity.

22 (h) "State public university" means a state university
23 described in section 4, 5, or 6 of article VIII of the state
24 constitution of 1963.

25 Sec. 552. (1) An authorizing body may issue contracts under
26 this subsection to organize and operate a school of excellence. All
27 of the following apply to the issuance of a contract by an

1 authorizing body under this subsection:

2 (a) The issuance of the contract must be approved by the
3 superintendent of public instruction. The superintendent of public
4 instruction shall approve issuance of a contract if he or she
5 determines that the proposed school of excellence is modeled after
6 a high-performing school or program.

7 (b) The first 5 contracts issued by all authorizing bodies
8 under this subsection shall be for schools of excellence that offer
9 1 or more of high school grades 9 to 12, or any combination of
10 those grades, as specified in the contract.

11 (c) A school of excellence authorized under this subsection
12 shall not be located in a school district that has a graduation
13 rate of over 75%, on average, for the most recent 3 school years
14 for which the data are available, as determined by the department.

15 (2) Subject to the limitations in this subsection and
16 ~~subsection (14),~~ **SUBSECTIONS (14) AND (15)**, an authorizing body may
17 issue contracts under this subsection for 1 or more schools of
18 excellence that are cyber schools. ~~Until December 31, 2013, the~~
19 ~~combined total number of contracts that may be issued by all~~
20 ~~statewide authorizing bodies under this subsection for schools of~~
21 ~~excellence that are cyber schools shall not exceed 5. Until~~
22 ~~December 31, 2014, the combined total number of contracts that may~~
23 ~~be issued by all statewide authorizing bodies under this subsection~~
24 ~~for schools of excellence that are cyber schools shall not exceed~~
25 ~~10. After December 31, 2014, the~~ **THE** combined total number of
26 contracts issued by all statewide authorizing bodies under this
27 subsection for schools of excellence that are cyber schools shall

1 not exceed 15. The board of a school district, an intermediate
2 school board, the board of a community college that is not a
3 statewide authorizing body, or 2 or more public agencies acting
4 jointly as described in subsection (6)(e) may not act as the
5 authorizing body for more than 1 school of excellence that is a
6 cyber school. An authorizing body shall not issue a contract for a
7 school of excellence that is a cyber school unless the school of
8 excellence that is a cyber school meets all of the following
9 requirements:

10 (a) Is available for enrollment to all pupils in this state.

11 (b) Offers some configuration of or all of grades K to 12.

12 (c) The entity applying for the school of excellence that is a
13 cyber school demonstrates experience in delivering a quality
14 education program that improves pupil academic achievement. In
15 determining whether this requirement is met, an authorizing body
16 shall refer to the standards for quality online learning
17 established by the national association of charter school
18 authorizers or other similar nationally recognized standards for
19 quality online learning.

20 (d) The enrollment in the school of excellence that is a cyber
21 school is limited to not more than 2,500 pupils in membership for
22 the first school year of operation of the school of excellence that
23 is a cyber school, not more than 5,000 pupils in membership for the
24 second school year of operation of the school of excellence that is
25 a cyber school, and not more than 10,000 pupils in membership for
26 the third and subsequent school years of operation of the school of
27 excellence that is a cyber school. As used in this subdivision,

1 "membership" means that term as defined in section 6 of the state
2 school aid act of 1979, MCL 388.1606.

3 (e) The school of excellence that is a cyber school offers
4 each pupil's family a computer and subsidizes the cost of internet
5 access.

6 (3) For a public school academy operating under part 6a that
7 meets the requirements of subsection (4), with the approval of its
8 authorizing body, the board of directors of the public school
9 academy may adopt a resolution choosing to convert the public
10 school academy to a school of excellence under this part. If the
11 board of directors of a public school academy that meets the
12 requirements of subsection (4) is issued a contract as a school of
13 excellence under this subsection, all the following apply:

14 (a) The public school academy shall cease to operate as a
15 public school academy under part 6a and shall operate as a school
16 of excellence upon the issuance of a contract or at another time as
17 determined by the authorizing body.

18 (b) The public school academy shall be considered to be a
19 school of excellence for all purposes upon the issuance of a
20 contract or at another time as determined by the authorizing body,
21 but shall retain its corporate identity.

22 (c) The conversion of a public school academy under part 6a to
23 a school of excellence operating under this part shall not impair
24 any agreement, mortgage, loan, bond, note or other instrument of
25 indebtedness, or any other agreement entered into by a public
26 school academy while it was operating under part 6a.

27 (d) The contract issued to the public school academy under

1 part 6a shall automatically terminate upon the issuance of a
2 contract or at another time as determined by the authorizing body.

3 (4) Subsection (3) applies to a public school academy that is
4 determined by the department to meet all of the following, as
5 applicable:

6 (a) If the public school academy operates only some or all of
7 grades K to 8, meets at least 1 of the following:

8 (i) On average over a 3-year period, at least 90% of the
9 pupils enrolled in the public school academy achieved a score of
10 proficient or better on the Michigan education assessment program
11 mathematics and reading tests or successor state assessment
12 program.

13 (ii) On average over a 3-year period, at least 70% of the
14 pupils enrolled in the public school academy achieved a score of
15 proficient or better on the Michigan education assessment program
16 mathematics and reading tests or successor state assessment program
17 and at least 50% of the pupils enrolled in the public school
18 academy met the income eligibility criteria for the federal free or
19 reduced-price lunch program, as determined under the Richard B.
20 Russell national school lunch act, 42 USC 1751 to ~~1769i~~, **1769J**, and
21 reported to the department.

22 (b) If the public school academy operates grades 9 to 12, at
23 least 80% of the school's pupils graduate from high school or are
24 determined by the department to be on track to graduate from high
25 school, the school has at least 80% average attendance, and the
26 school has at least an 80% postsecondary enrollment rate.

27 (5) A school of excellence shall be organized and administered

1 under the direction of a board of directors in accordance with this
2 part and with bylaws adopted by the board of directors. A school of
3 excellence shall be organized under the nonprofit corporation act,
4 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
5 excellence is not required to comply with sections 170 to 177 of
6 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
7 under the state or federal constitution, a school of excellence
8 shall not be organized by a church or other religious organization
9 and shall not have any organizational or contractual affiliation
10 with or constitute a church or other religious organization.

11 (6) Any of the following may act as an authorizing body to
12 issue a contract to organize and operate 1 or more schools of
13 excellence under this part:

14 (a) The board of a school district. ~~that operates grades K to~~
15 ~~12.~~ However, except as otherwise provided in this subdivision, the
16 board of a school district shall not issue a contract for a school
17 of excellence to operate outside the school district's boundaries,
18 and a school of excellence authorized by the board of a school
19 district shall not operate outside that school district's
20 boundaries. If the board of a school district issues a contract for
21 a school of excellence that is a cyber school, the contract may
22 authorize the school of excellence that is a cyber school to
23 operate outside that school district's boundaries.

24 (b) An intermediate school board. However, except as otherwise
25 provided in this subdivision, the board of an intermediate school
26 district shall not issue a contract for a school of excellence to
27 operate outside the intermediate school district's boundaries, and

1 a school of excellence authorized by the board of an intermediate
2 school district shall not operate outside that intermediate school
3 district's boundaries. If the board of an intermediate school
4 district issues a contract for a school of excellence that is a
5 cyber school, the contract may authorize the school of excellence
6 that is a cyber school to operate outside that intermediate school
7 district's boundaries.

8 (c) The board of a community college. Except as otherwise
9 provided in this subdivision, the board of a community college
10 shall not issue a contract for a school of excellence to operate
11 outside the boundaries of the community college district, and a
12 school of excellence authorized by the board of a community college
13 shall not operate outside the boundaries of the community college
14 district. If the board of a community college issues a contract for
15 a school of excellence that is a cyber school, the contract may
16 authorize the school of excellence that is a cyber school to
17 operate outside the boundaries of the community college district.
18 The board of a community college also may issue a contract for not
19 more than 1 school of excellence to operate on the grounds of an
20 active or closed federal military installation located outside the
21 boundaries of the community college district, or may operate a
22 school of excellence itself on the grounds of such a federal
23 military installation, if the federal military installation is not
24 located within the boundaries of any community college district and
25 the community college has previously offered courses on the grounds
26 of the federal military installation for at least 10 years.

27 (d) The governing board of a state public university.

1 (e) Two or more of the public agencies described in
2 subdivisions (a) to (d) exercising power, privilege, or authority
3 jointly pursuant to an interlocal agreement under the urban
4 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
5 124.512.

6 (7) To obtain a contract to organize and operate 1 or more
7 schools of excellence, 1 or more persons or an entity may apply to
8 an authorizing body described in this section. The application
9 shall include at least all of the following:

10 (a) Identification of the applicant for the contract.

11 (b) Subject to the resolution adopted by the authorizing body
12 under section 553(4), a list of the proposed members of the board
13 of directors of the school of excellence and a description of the
14 qualifications and method for appointment or election of members of
15 the board of directors.

16 (c) The proposed articles of incorporation, which shall
17 include at least all of the following:

18 (i) The name of the proposed school of excellence.

19 (ii) The purposes for the school of excellence corporation.

20 This language shall provide that the school of excellence is
21 incorporated pursuant to this part and that the school of
22 excellence is a governmental entity.

23 (iii) The name of the authorizing body.

24 (iv) The proposed time when the articles of incorporation will
25 be effective.

26 (v) Other matters considered expedient to be in the articles
27 of incorporation.

1 (d) A copy of the proposed bylaws of the school of excellence.

2 (e) Documentation meeting the application requirements of the
3 authorizing body, including at least all of the following:

4 (i) The governance structure of the school of excellence.

5 (ii) A copy of the educational goals of the school of
6 excellence and the curricula to be offered and methods of pupil
7 assessment to be used by the school of excellence. The educational
8 goals shall include demonstrated improved pupil academic
9 achievement for all groups of pupils. To the extent applicable, the
10 progress of the pupils in the school of excellence shall be
11 assessed using ~~at least a Michigan education assessment program~~
12 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
13 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
14 Michigan merit examination under section 1279g, as applicable.

15 (iii) The admission policy and criteria to be maintained by
16 the school of excellence. The admission policy and criteria shall
17 comply with section 556. This part of the application also shall
18 include a description of how the applicant will provide to the
19 general public adequate notice that a school of excellence is being
20 created and adequate information on the admission policy, criteria,
21 and process.

22 (iv) Except for a school of excellence that is a cyber school,
23 the school calendar and school day schedule.

24 (v) The age or grade range of pupils to be enrolled.

25 (f) Descriptions of staff responsibilities and of the school
26 of excellence governance structure.

27 (g) For an application to the board of a school district, an

1 intermediate school board, or board of a community college,
2 identification of the school district and intermediate school
3 district in which the school of excellence will be located.

4 (h) An agreement that the school of excellence will comply
5 with the provisions of this part and, subject to the provisions of
6 this part, with all other state law applicable to public bodies and
7 with federal law applicable to public bodies or school districts.

8 (i) A description of and address for the proposed physical
9 plant in which the school of excellence will be located. An
10 applicant may request the authorizing body to issue a contract
11 allowing the board of directors of the school of excellence to
12 operate the same configuration of age or grade levels at more than
13 1 site.

14 (8) An authorizing body shall oversee, or shall contract with
15 an intermediate school district, community college, or state public
16 university to oversee, each school of excellence operating under a
17 contract issued by the authorizing body. The authorizing body is
18 responsible for overseeing compliance by the board of directors
19 with the contract and all applicable law. This subsection does not
20 relieve any other government entity of its enforcement or
21 supervisory responsibility.

22 (9) If the superintendent of public instruction finds that an
23 authorizing body is not engaging in appropriate continuing
24 oversight of 1 or more schools of excellence operating under a
25 contract issued by the authorizing body, the superintendent of
26 public instruction may suspend the power of the authorizing body to
27 issue new contracts to organize and operate schools of excellence.

1 A contract issued by the authorizing body during the suspension is
2 void. A contract issued by the authorizing body before the
3 suspension is not affected by the suspension.

4 (10) An authorizing body shall not charge a fee, or require
5 reimbursement of expenses, for considering an application for a
6 contract, for issuing a contract, or for providing oversight of a
7 contract for a school of excellence in an amount that exceeds a
8 combined total of 3% of the total state school aid received by the
9 school of excellence in the school year in which the fees or
10 expenses are charged. The authorizing body may provide other
11 services for a school of excellence and charge a fee for those
12 services, but shall not require such an arrangement as a condition
13 to issuing the contract authorizing the school of excellence.

14 (11) A school of excellence shall be presumed to be legally
15 organized if it has exercised the franchises and privileges of a
16 public school academy for at least 2 years.

17 (12) A member of the board of directors of a school of
18 excellence is a public officer and shall, before entering upon the
19 duties of the office, take the constitutional oath of office for
20 public officers under section 1 of article XI of the state
21 constitution of 1963.

22 (13) A school of excellence that is a cyber school may make
23 available to other public schools for purchase any of the course
24 offerings that the cyber school offers to its own pupils.

25 (14) If the department determines that the combined total
26 statewide final audited membership for all pupils in membership in
27 schools of excellence that are cyber schools for the 2012-2013

1 state fiscal year exceeds a number equal to 1% of the combined
2 total statewide final audited membership for all pupils in
3 membership in public schools for the 2011-2012 state fiscal year,
4 then all of the following apply:

5 (a) An authorizing body may not issue a new contract for a new
6 school of excellence that is a cyber school to begin operations in
7 the 2013-2014 school year.

8 (b) A school of excellence that is a cyber school may not
9 enroll any new pupils in the school of excellence that is a cyber
10 school in the 2013-2014 school year.

11 (15) Beginning July 1, 2013, if the department determines that
12 the combined total statewide final audited membership for all
13 pupils in membership in schools of excellence that are cyber
14 schools for a state fiscal year exceeds a number equal to 2% of the
15 combined total statewide final audited membership for all pupils in
16 membership in public schools for the 2011-2012 state fiscal year,
17 then all of the following apply:

18 (a) Subject to subdivision (c), an authorizing body may not
19 issue a new contract for a new school of excellence that is a cyber
20 school to begin operations in a school year that begins after that
21 determination is made.

22 (b) Subject to subdivision (c), a school of excellence that is
23 a cyber school may not enroll any new pupils in the school of
24 excellence that is a cyber school in a school year that begins
25 after that determination is made.

26 (c) If the department determines that the combined total
27 statewide final audited membership for all pupils in membership in

1 schools of excellence that are cyber schools for a state fiscal
2 year does not exceed a number equal to 2% of the combined total
3 statewide final audited membership for all pupils in membership in
4 public schools for the 2011-2012 state fiscal year, then
5 subdivisions (a) and (b) do not apply for a school year that begins
6 after that determination is made unless the department makes a new
7 determination that the membership limits under this subsection have
8 been exceeded.

9 (16) For the purposes of subsections (14) and (15), ~~not later~~
10 ~~than July 1, 2012, and by~~ not later than July 1 of each year,
11 ~~thereafter,~~ the department shall determine the percentage of the
12 combined total statewide final audited membership for all pupils in
13 membership in public schools that are pupils in membership in
14 schools of excellence that are cyber schools for the state fiscal
15 year that includes that July 1.

16 (17) As used in this section:

17 (a) "Membership" means that term as defined in section 6 of
18 the state school aid act of 1979, MCL 388.1606.

19 (b) "Statewide authorizing body" means the governing board of
20 a state public university or the board of a federal tribally
21 controlled community college that is recognized under the tribally
22 controlled colleges and universities assistance act of 1978, 25 USC
23 1801 to ~~1852, 1864,~~ and is determined by the department to meet the
24 requirements for accreditation by a recognized regional accrediting
25 body.

26 (18) Not later than October 1, 2012, If a district, an
27 intermediate school district, a public school academy, or the

1 education achievement system offers online learning, the board or
2 board of directors of the district, intermediate school district,
3 or public school academy, or the education achievement system,
4 shall submit to the department a report that details the per-pupil
5 costs of operating the online learning. The report shall include,
6 on a per-pupil basis, at least all of the following costs:

7 (a) Textbooks, instructional materials, and supplies,
8 including electronic instructional material.

9 (b) Computer and other electronic equipment, including
10 internet and telephone access.

11 (c) Salaries and benefits for the online learning employees.

12 (d) Purchased courses and curricula.

13 (e) Fees associated with oversight and regulation.

14 (f) Travel costs associated with school activities and
15 testing.

16 (g) Facilities costs.

17 (h) Costs associated with special education.

18 (19) Not later than December 31, 2012, the department shall
19 issue a report to the legislature including the following:

20 (a) A review of the data submitted under subsection (14).

21 (b) A comparison with costs of substantially similar programs
22 in other states and relevant national research on the costs of
23 online learning.

24 (c) Any conclusions concerning factors or characteristics of
25 online learning programs that make a difference in the costs of
26 operating the programs.

27 (20) The board of directors of a school of excellence that is

1 a cyber school, or the board of a school district, intermediate
2 school district, or public school academy that operates an online
3 or other distance learning program, shall submit a monthly report
4 to the department, in the form and manner prescribed by the
5 department, that reports the number of pupils enrolled in the
6 school of excellence that is a cyber school, or in the online or
7 other distance learning program, during the immediately preceding
8 month.

9 (21) The board of directors of a school of excellence that is
10 a cyber school shall ensure that, when a pupil enrolls in the
11 school of excellence that is a cyber school, the pupil and his or
12 her parent or legal guardian are provided with a parent-student
13 orientation. If the pupil is at least age 18 or is an emancipated
14 minor, the orientation may be provided to just the pupil.

15 **(22) A SCHOOL OF EXCELLENCE THAT IS LOCATED WITHIN A COMMUNITY**
16 **DISTRICT IS SUBJECT TO SECTIONS 389 TO 391.**

17 Sec. 561. (1) If an authorizing body issues a contract for a
18 school of excellence under this part, the authorizing body shall do
19 all of the following:

20 (a) Ensure that the contract and the application for the
21 contract comply with the requirements of this part.

22 (b) Within 10 days after issuing the contract, submit to the
23 department a copy of the contract.

24 (c) Establish the method of selection, length of term, and
25 number of members of the board of directors of each school of
26 excellence that it authorizes. The authorizing body shall ensure
27 that the board of directors includes representation from the local

1 community.

2 (d) Oversee the operations of each school of excellence
3 operating under a contract issued by the authorizing body. The
4 oversight shall be sufficient to ensure that the school of
5 excellence is in compliance with the terms of the contract and with
6 applicable law. This subdivision does not relieve any other
7 governmental entity of its enforcement or supervisory
8 responsibility.

9 (e) Develop and implement a process for holding a school of
10 excellence board of directors accountable for meeting applicable
11 academic performance standards set forth in the contract and for
12 implementing corrective action for a school of excellence that does
13 not meet those standards.

14 (f) Take necessary measures to ensure that a school of
15 excellence board of directors operates independently of any
16 educational management organization involved in the operations of
17 the school of excellence.

18 (g) Oversee and ensure that the pupil admission process used
19 by the school of excellence is operated in a fair and open manner
20 and is in compliance with the contract and this part.

21 (h) Ensure that the board of directors of the school of
22 excellence maintains and releases information as necessary to
23 comply with applicable law.

24 (2) The authorizing body may enter into an agreement with 1 or
25 more authorizing bodies, as defined under part 6a, to carry out any
26 function of the authorizing body under subsection (1)(a) to (h).

27 (3) The authorizing body for a school of excellence is the

1 fiscal agent for the school of excellence. A state school aid
2 payment for a school of excellence shall be paid to the authorizing
3 body as the fiscal agent for that school of excellence, and the
4 authorizing body shall then forward the payment to the school of
5 excellence. Within 30 days after a contract is submitted to the
6 department by the authorizing body under subsection (1), the
7 department shall issue a district code to the school of excellence
8 for which the contract was issued. If the department does not issue
9 a district code within 30 days after a contract is filed, the state
10 treasurer shall assign a temporary district code in order for the
11 school of excellence to receive funding under the state school aid
12 act of 1979.

13 (4) A contract issued under this part may be revoked by the
14 authorizing body if the authorizing body determines that 1 or more
15 of the following have occurred:

16 (a) Failure of the school of excellence to demonstrate
17 improved pupil academic achievement for all groups of pupils or
18 meet the educational goals set forth in the contract.

19 (b) Failure of the school of excellence to comply with all
20 applicable law.

21 (c) Failure of the school of excellence to meet generally
22 accepted public sector accounting principles and demonstrate sound
23 fiscal stewardship.

24 (d) The existence of 1 or more other grounds for revocation as
25 specified in the contract.

26 (5) Except for a school of excellence that is an alternative
27 school serving a special student population, if the ~~superintendent~~

1 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
2 determines that a school of excellence site that has been operating
3 for at least 4 years is among the lowest achieving 5% of all public
4 schools in this state **FOR 3 OF THE PRECEDING 5 SCHOOL YEARS**, as
5 ~~defined for the purposes of the federal incentive grant program~~
6 ~~created under sections 14005 and 14006 of title XIV of the American~~
7 ~~recovery and reinvestment act of 2009, Public Law 111-5, is in year~~
8 ~~2 of restructuring sanctions under the no child left behind act of~~
9 ~~2001, Public Law 107-110, **DETERMINED UNDER SECTION 1280C**, not to~~
10 include ~~the~~ **ANY** individualized education plan subgroup, and is not
11 currently undergoing reconstitution under this section, **OR IF THE**
12 **SCHOOL OF EXCELLENCE HAS BEEN INCLUDED ON THE LIST OF SCHOOLS**
13 **SUBJECT TO CLOSURE UNDER SECTION 390(3)**, the ~~superintendent of~~
14 ~~public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** shall
15 notify the school of excellence's authorizing body. If an
16 authorizing body receives notice from the ~~superintendent of public~~
17 ~~instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** under this
18 subsection, the authorizing body shall amend the school of
19 excellence's contract to eliminate the school of excellence's
20 authority to operate the existing age and grade levels at the site
21 and the school of excellence shall cease operating the existing age
22 and grade levels at the site, effective at the end of the current
23 school year. If the school of excellence operates at only 1 site or
24 is a cyber school, and the authorizing body receives notice from
25 the ~~superintendent of public instruction~~ **STATE SCHOOL**
26 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
27 shall revoke the school of excellence's contract, effective at the

1 end of the current school year.

2 (6) Except for a contract issued by a school district pursuant
3 to a vote by the school electors on a ballot question under section
4 553(2), the decision of the authorizing body to issue, not issue,
5 or reconstitute a contract under this part, or to terminate or
6 revoke a contract under this section, is solely within the
7 discretion of the authorizing body, is final, and is not subject to
8 review by a court or any other state agency. If the authorizing
9 body issues, does not issue, or reconstitutes a contract under this
10 part, or terminates or revokes a contract under this section, the
11 authorizing body is not liable for that action to the school of
12 excellence, the school of excellence corporation, a pupil of the
13 school of excellence, the parent or guardian of a pupil of the
14 school of excellence, or any other person.

15 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
16 **SECTION**, before the authorizing body revokes a contract, the
17 authorizing body may consider and take corrective measures to avoid
18 revocation. The authorizing body may reconstitute the school of
19 excellence in a final attempt to improve student educational
20 performance or to avoid interruption of the educational process.
21 The authorizing body shall include a reconstituting provision in
22 the contract that identifies these corrective measures, including,
23 but not limited to, canceling a contract with an educational
24 management organization, if any, withdrawing approval to contract
25 under section 560, or appointing a new board of directors or a
26 trustee to take over operation of the school of excellence.

27 (8) If the authorizing body revokes a contract, the

1 authorizing body shall work with a school district or another
2 public school, or with a combination of these entities, to ensure a
3 smooth transition for the affected pupils. If the revocation occurs
4 during the school year, the authorizing body, as the fiscal agent
5 for the school of excellence under this part, shall return any
6 school aid funds held by the authorizing body that are attributable
7 to the affected pupils to the state treasurer for deposit into the
8 state school aid fund. The state treasurer shall distribute funds
9 to the public school in which the pupils enroll after the
10 revocation pursuant to a methodology established by the department
11 and the center for educational performance and information.

12 (9) Not more than 10 days after a school of excellence's
13 contract terminates or is revoked, the authorizing body shall
14 notify the superintendent of public instruction in writing of the
15 name of the school of excellence whose contract has terminated or
16 been revoked and the date of contract termination or revocation.

17 (10) If a school of excellence's contract terminates or is
18 revoked, title to all real and personal property, interest in real
19 or personal property, and other assets owned by the school of
20 excellence shall revert to the state. This property shall be
21 distributed in accordance with the following:

22 (a) Within 30 days following the termination or revocation,
23 the board of directors of a school of excellence shall hold a
24 public meeting to adopt a plan of distribution of assets and to
25 approve the dissolution of the school of excellence corporation,
26 all in accordance with chapter 8 of the nonprofit corporation act,
27 1982 PA 162, MCL 450.2801 to 450.2864.

1 (b) The school of excellence shall file a certificate of
2 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**
3 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
4 board approval.

5 (c) Simultaneously with the filing of the certificate of
6 dissolution under subdivision (b), the school of excellence board
7 of directors shall provide a copy of the board of directors' plan
8 of distribution of assets to the state treasurer for approval.
9 Within 30 days, the state treasurer, or his or her designee, shall
10 review and approve the board of directors' plan of distribution of
11 assets. If the proposed plan of distribution of assets is not
12 approved within 30 days, the state treasurer, or his or her
13 designee, shall provide the board of directors with an acceptable
14 plan of distribution of assets.

15 (d) The state treasurer, or his or her designee, shall monitor
16 the school of excellence's winding up of the dissolved corporation
17 in accordance with the plan of distribution of assets approved or
18 provided under subdivision (c).

19 (e) As part of the plan of distribution of assets, the school
20 of excellence board of directors shall designate the director of
21 the department of technology, management, and budget, or his or her
22 designee, to dispose of all real property of the school of
23 excellence corporation in accordance with the directives developed
24 for disposition of surplus land and facilities under section 251 of
25 the management and budget act, 1984 PA 431, MCL 18.1251.

26 (f) If the board of directors of a school of excellence fails
27 to take any necessary action under this section, the state

1 treasurer, or his or her designee, may suspend the school of
 2 excellence board of directors and appoint a trustee to carry out
 3 the board's plan of distribution of assets. Upon appointment, the
 4 trustee shall have all the rights, powers, and privileges under law
 5 that the school of excellence board of directors had before being
 6 suspended.

7 (g) Following the sale of the real or personal property or
 8 interests in the real or personal property, and after payment of
 9 any school of excellence debt secured by the property or interest
 10 in property, whether real or personal, the school of excellence
 11 board of directors, or a trustee appointed under this section,
 12 shall forward any remaining money to the state treasurer. Following
 13 receipt, the state treasurer, or his or her designee, shall deposit
 14 this remaining money in the state school aid fund.

15 Sec. 654. (1) ~~In~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
 16 **(2), IN** a constituent district not employing a superintendent the
 17 intermediate superintendent shall **DO ALL OF THE FOLLOWING:**

18 (a) Recommend in writing all teachers to the **SCHOOL** board of
 19 ~~education~~ **THE CONSTITUENT DISTRICT.**

20 (b) Suspend a teacher for cause until the **SCHOOL** board of
 21 ~~education~~ of the constituent district employing the teacher
 22 considers the suspension.

23 (c) Supervise and direct the work of the teachers.

24 (d) Classify and control the promotion of pupils.

25 **(2) SUBSECTION (1) DOES NOT APPLY TO A CONSTITUENT DISTRICT IF**
 26 **ANY OF THE FOLLOWING APPLY:**

27 **(A) THE CONSTITUENT DISTRICT IS NOT REQUIRED TO EMPLOY A**

1 SUPERINTENDENT AS AN EMPLOYEE OF THE DISTRICT UNDER SECTION 1229.

2 (B) ALL OF THE PUBLIC SCHOOLS WITHIN THE CONSTITUENT DISTRICT
3 HAVE BEEN TRANSFERRED TO 1 OR MORE OTHER SCHOOL DISTRICTS OR PUBLIC
4 ENTITIES.

5 Sec. 705. (1) Beginning in 1997, and in each year after 1997,
6 a regional enhancement property tax may be levied by an
7 intermediate school district at a rate not to exceed 3 mills to
8 enhance other state and local funding for local school district
9 operations if approved by a majority of the intermediate school
10 electors voting on the question.

11 (2) If a resolution requesting that the question of a regional
12 enhancement property tax be submitted to the voters is adopted
13 within a 180-day period and transmitted to the intermediate school
14 board by 1 or more boards of its constituent ~~school~~-districts
15 representing a majority of the combined membership of the
16 constituent ~~school~~-districts as of the most recent pupil membership
17 count day and if those resolutions all contain an identical
18 specified number of mills to be levied under this section and an
19 identical specified number of years for which the tax shall be
20 levied, the question of levying a regional enhancement property tax
21 by the intermediate school district shall be placed on the ballot
22 by the intermediate school district at the next regular school
23 election held in each of the constituent districts. If the question
24 is to be submitted to the intermediate school electors of an
25 intermediate school district having a population of more than
26 1,400,000, the intermediate school board shall call a special
27 election to be held at the next state primary or general election.

1 If the resolution requirement is met more than 180 days before the
2 next regular school district elections, and if requested in the
3 resolutions, the intermediate school board shall submit the
4 question of levying a regional enhancement property tax within the
5 intermediate school district on the ballot at a special election
6 called by the intermediate school board for that purpose not
7 earlier than 90 days after the resolution requirements are met.

8 (3) Not later than 10 days after receipt by the intermediate
9 school district of the revenue from the regional enhancement
10 property tax, the intermediate school district shall calculate and
11 pay to each of its constituent ~~school~~-districts an amount of the
12 revenue calculated by dividing the total amount of the revenue by
13 the combined membership of the constituent ~~school~~-districts within
14 the intermediate **SCHOOL** district, as of the most recent pupil
15 membership count day, and multiplying that quotient by the
16 constituent ~~school~~-district's membership, as of the most recent
17 pupil membership count day for which a final department-audited
18 pupil count is available. **IF A CONSTITUENT DISTRICT HAS ENTERED**
19 **INTO AN AGREEMENT WITH ANOTHER SCHOOL DISTRICT OR PUBLIC ENTITY TO**
20 **PERFORM THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT**
21 **DISTRICT FOR OPERATING A PUBLIC SCHOOL OF THE CONSTITUENT DISTRICT,**
22 **THE PUPILS IN MEMBERSHIP IN THAT PUBLIC SCHOOL SHALL BE COUNTED IN**
23 **MEMBERSHIP IN THE CONSTITUENT DISTRICT AND THE REVENUE PAYABLE TO**
24 **THE CONSTITUENT DISTRICT UNDER THIS SECTION SHALL BE TRANSFERRED BY**
25 **THE CONSTITUENT DISTRICT TO THE SCHOOL DISTRICT OR PUBLIC ENTITY**
26 **PERFORMING THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT**
27 **DISTRICT FOR OPERATING THE PUBLIC SCHOOL. REVENUE FROM A REGIONAL**

1 ENHANCEMENT PROPERTY TAX UNDER THIS SECTION SHALL NOT BE ALLOCATED
 2 OR PAID TO A CONSTITUENT DISTRICT THAT DOES NOT OPERATE A PUBLIC
 3 SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE IDENTITY FOR
 4 PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.

5 (4) Regional enhancement property tax under this section may
 6 be levied for a term not to exceed 20 years, as specified in the
 7 ballot question, and may be renewed for the same term with the
 8 approval of a majority of the intermediate school electors voting
 9 on the question.

10 (5) The question of levying a regional enhancement property
 11 tax under this section shall be presented to the intermediate
 12 school electors as a separate question.

13 Sec. 921. (1) ~~Annually~~ **SUBJECT TO SUBSECTION (2), ANNUALLY** on
 14 June 1 each intermediate superintendent shall compile a list of
 15 constituent districts ~~which~~ **THAT** did not operate school within the
 16 **CONSTITUENT** district during the preceding 2 or more years. ~~Not~~
 17 ~~later than~~ **BEFORE** June 10, the intermediate superintendent shall
 18 direct in writing the board of each constituent district **ON THIS**
 19 **LIST** to comply with this section and section 922. ~~Before the~~
 20 ~~expiration of 1 year following this official notification~~ **WITHIN 1**
 21 **YEAR AFTER ISSUANCE OF THIS DIRECTIVE BY THE INTERMEDIATE**
 22 **SUPERINTENDENT**, the constituent district shall ~~either~~ **DO 1 OF THE**
 23 **FOLLOWING:**

24 (a) Attach itself either totally or in part to 1 or more
 25 operating school districts, **INCLUDING, BUT NOT LIMITED TO, A**
 26 **REORGANIZATION UNDER SECTION 12 OR 12B.**

27 (b) **TRANSFER THE FUNCTIONS AND RESPONSIBILITIES OF THE**

1 CONSTITUENT DISTRICT RELATING TO OPERATING PUBLIC SCHOOLS TO 1 OR
2 MORE OTHER PUBLIC ENTITIES AUTHORIZED TO OPERATE PUBLIC SCHOOLS,
3 INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN
4 INTERMEDIATE SCHOOL DISTRICT.

5 (C) ~~(b)~~—Reopen and operate its own school.

6 (2) FOR THE PURPOSES OF THIS SECTION, A CONSTITUENT DISTRICT
7 SHALL BE CONSIDERED TO HAVE OPERATED A SCHOOL WITHIN THE SCHOOL
8 DISTRICT IF THE CONSTITUENT DISTRICT DID EITHER OR BOTH OF THE
9 FOLLOWING:

10 (A) DIRECTLY OPERATED 1 OR MORE SCHOOLS ON ITS OWN.

11 (B) CAUSED PUBLIC EDUCATION SERVICES TO BE PROVIDED WITHIN THE
12 SCHOOL DISTRICT TO RESIDENTS OF THE SCHOOL DISTRICT THROUGH AN
13 AGREEMENT, CONTRACT, OR OTHER COOPERATIVE AGREEMENT WITH ANOTHER
14 PUBLIC ENTITY, INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL
15 DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT.

16 Sec. 1147. (1) A child who is a resident of a school district
17 that does not provide kindergarten and who is at least 5 years of
18 age on the first day of enrollment of the school year may attend
19 school in **A PUBLIC SCHOOL OPERATED BY** the school district **OR, FOR A**
20 **COMMUNITY DISTRICT OR A SCHOOL DISTRICT THAT DOES NOT DIRECTLY**
21 **OPERATE SCHOOLS ON ITS OWN, IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN**
22 **THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.**

23 ~~(2) Subject to subsection (3), for the 2013-2014 school year,~~
24 ~~a child who resides in the school district may enroll in~~
25 ~~kindergarten if the child is at least 5 years of age on November 1,~~
26 ~~2013. Subject to subsection (3), for the 2014-2015 school year, a~~
27 ~~child who resides in the school district may enroll in kindergarten~~

1 ~~if the child is at least 5 years of age on October 1, 2014.~~ Subject
2 to subsection (3), beginning with the 2015-2016 school year, a
3 child **WHO IS AT LEAST 5 YEARS OF AGE ON SEPTEMBER 1 OF THE SCHOOL**
4 **YEAR OF ENROLLMENT AND** who resides in the school district may
5 enroll in kindergarten ~~if the child is at least 5 years of age on~~
6 ~~September 1 of the school year of enrollment.~~ **IN A PUBLIC SCHOOL**
7 **OPERATED BY THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A**
8 **SCHOOL DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN,**
9 **IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES**
10 **OF THE SCHOOL DISTRICT.**

11 (3) If a child residing in the school district or a child
12 eligible to enroll in and be counted in membership in the school
13 district under section 105 or 105c of the state school aid act of
14 1979, MCL 388.1705 and 388.1705c, is not 5 years of age on the
15 enrollment eligibility date specified in subsection (2), but will
16 be 5 years of age not later than December 1 of a school year, the
17 parent or legal guardian of that child may enroll the child in
18 kindergarten for that school year **IN A PUBLIC SCHOOL OPERATED BY**
19 **THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A SCHOOL**
20 **DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN, IN**
21 **ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF**
22 **THE SCHOOL DISTRICT** if the parent or legal guardian notifies the
23 ~~school district~~ **PUBLIC SCHOOL** in writing that he or she intends to
24 enroll the child in kindergarten for that school year. A ~~school~~
25 ~~district~~ **PUBLIC SCHOOL** that receives this written notification may
26 make a recommendation to the parent or legal guardian of a child
27 described in this subsection that the child is not ready to enroll

1 in kindergarten due to the child's age or other factors. However,
2 regardless of this recommendation, the parent or legal guardian
3 retains the sole discretion to determine whether or not to enroll
4 the child in kindergarten under this subsection.

5 (4) The ages prescribed in this section for a child's
6 eligibility for enrollment in a ~~school district~~**PUBLIC SCHOOL** also
7 apply to a child's eligibility to enroll in a public school
8 academy.

9 (5) If a ~~school district or public school academy~~**PUBLIC**
10 **SCHOOL** enrolls any children in kindergarten for a school year under
11 subsection (3), the ~~school district or public school academy~~**PUBLIC**
12 **SCHOOL** shall notify the department of the number of those children
13 enrolled by not later than December 31 of that school year.

14 (6) **THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT TO OPERATE**
15 **A PUBLIC SCHOOL DIRECTLY ON ITS OWN.**

16 (7) **THIS SECTION DOES NOT APPLY TO A SCHOOL DISTRICT THAT DOES**
17 **NOT OPERATE A PUBLIC SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE**
18 **IDENTITY FOR PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.**

19 (8) **THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT OR PUBLIC**
20 **SCHOOL ACADEMY THAT DOES NOT OTHERWISE PROVIDE KINDERGARTEN TO**
21 **PROVIDE KINDERGARTEN.**

22 Sec. 1225. (1) Subject to restrictions of this section, a
23 school board or intermediate school board may borrow money and
24 issue notes of the school district or intermediate school district
25 for the borrowed money to secure funds for school operations or to
26 pay previous loans obtained for school operations under this or any
27 other statute. The school board or intermediate school board shall

1 pledge money to be received by it from state school aid for the
2 payment of notes issued under this section. A pledge of state
3 school aid by a school district or intermediate school district for
4 the payment of notes issued pursuant to this section is valid and
5 binding from the time when the pledge is made. A pledge made
6 pursuant to this section for the benefit of the holders of notes or
7 for the benefit of others is perfected without delivery, recording,
8 or notice. Notes issued pursuant to this section are full faith and
9 credit obligations of the school district or intermediate school
10 district and are payable from tax levies or from unencumbered funds
11 of the school district or intermediate school district in event of
12 the unavailability or insufficiency of state school aid for any
13 reason.

14 (2) A school district or intermediate school district for
15 which an emergency manager has been appointed pursuant to the ~~local~~
16 ~~government and school district fiscal accountability act, 2011 PA~~
17 ~~4, MCL 141.1501 to 141.1531,~~ **LOCAL FINANCIAL STABILITY AND CHOICE**
18 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575,** or a school district or
19 intermediate school district that has an approved deficit
20 elimination plan **OR AN ENHANCED DEFICIT ELIMINATION PLAN REQUIRED**
21 under section 102 of the state school aid act of 1979, MCL
22 388.1702, may enter into an agreement with the Michigan finance
23 authority in accordance with section 17a(4) of the state school aid
24 act of 1979, MCL 388.1617a, providing for the direct payment on
25 behalf of the school district or intermediate school district to
26 the Michigan finance authority, or to a trustee designated by the
27 Michigan finance authority, of state school aid pledged and to be

1 used for the sole purpose of paying the principal of and interest
2 on the notes issued pursuant to this section and secured by state
3 school aid.

4 (3) Notes issued under this section shall become due not later
5 than 372 days after the date on which they are issued, except as
6 otherwise provided in this section. Notes issued within a fiscal
7 year shall not exceed 70% of the difference between the total state
8 aid funds apportioned to the school district or intermediate school
9 district for that fiscal year and the portion already received or
10 pledged, except secondary pledges made under section 1356.

11 (4) A school district or intermediate school district that is
12 not able to redeem its notes within 372 days after the date on
13 which the notes were issued may enter into a multi-year agreement
14 with a lending institution to repay its obligation. A repayment
15 agreement shall not be executed without the prior approval of an
16 authorized representative of the state board or, for notes sold to
17 the Michigan finance authority only, without the approval of an
18 authorized representative of the department of treasury.

19 (5) During the last 4 months of a fiscal year, notes may be
20 issued pledging state school aid for the next succeeding fiscal
21 year. Except as otherwise provided in this subsection, the notes
22 shall not exceed 50% of the state school aid apportioned to the
23 school district or intermediate school district for the next
24 succeeding fiscal year or, if the apportionment has not been made,
25 50% of the apportionment for the then current fiscal year. The
26 notes shall mature not later than 372 days after the date of
27 issuance.

1 (6) Notes issued under this section are subject to the revised
2 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
3 Failure of a school district or intermediate school district to
4 receive state school aid does not affect the validity or
5 enforceability of a note issued under this section.

6 (7) A school board or intermediate school board, **INCLUDING,**
7 **BUT NOT LIMITED TO, THE SCHOOL BOARD OF A COMMUNITY DISTRICT,** may
8 make more than 1 borrowing under this section during a school year.

9 (8) In addition to other powers under this section, with the
10 approval of the state treasurer, a school board or intermediate
11 school board, **INCLUDING, BUT NOT LIMITED TO, THE SCHOOL BOARD OF A**
12 **COMMUNITY DISTRICT,** may obtain a line of credit to secure funds for
13 school operations or to pay previous loans obtained for school
14 operations under this or any other statute. The school board or
15 intermediate school board shall pledge not more than 30% of the
16 state school aid apportioned to the school district or intermediate
17 school district for that fiscal year for repayment of funds
18 received pursuant to a line of credit obtained under this
19 subsection. However, the school board or intermediate school board
20 shall not borrow against the line of credit an amount greater than
21 the difference, as of the date of the borrowing, between the total
22 state school aid funds apportioned to the school district or
23 intermediate school district for that fiscal year and the portion
24 already received or pledged, except secondary pledges made under
25 section 1356. To obtain approval for obtaining a line of credit
26 under this subsection, a school board or intermediate school board
27 shall apply to the state treasurer in the form and manner

1 prescribed by the state treasurer, and shall provide information as
2 requested by the state treasurer for evaluating the application.
3 The state treasurer shall approve or disapprove an application and
4 notify the school board or intermediate school board within 20
5 business days after receiving a proper application. If the state
6 treasurer disapproves an application, the state treasurer shall
7 include the reasons for disapproval in the notification to the
8 school board or intermediate school board.

9 Sec. 1229. (1) Except as otherwise provided in subsection (4),
10 the board of a school district, other than a school district that
11 was organized as a primary school district during the 1995-1996
12 school year, or of an intermediate school district shall employ a
13 superintendent of schools, who shall meet the requirements of
14 section 1246. The superintendent shall not be a member of the
15 board. Employment of a superintendent shall be by written contract.
16 The term of the superintendent's contract shall be fixed by the
17 board, not to exceed 5 years. If written notice of nonrenewal of
18 the contract of a superintendent is not given at least 90 days
19 before the termination of the contract, the contract is renewed for
20 an additional 1-year period.

21 (2) The board of a school district or intermediate school
22 district may employ assistant superintendents, principals,
23 assistant principals, guidance directors, and other administrators
24 who do not assume tenure in that position under 1937 (Ex Sess) PA
25 4, MCL 38.71 to 38.191. The employment shall be by written
26 contract. The term of the employment contract shall be fixed by the
27 board, not to exceed 3 years. The board shall prescribe the duties

1 of a person described in this subsection. If written notice of
2 nonrenewal of the contract of a person described in this subsection
3 is not given at least 60 days before the termination date of the
4 contract, the contract is renewed for an additional 1-year period.

5 (3) A notification of nonrenewal of contract of a person
6 described in subsection (2) may be given only for a reason that is
7 not arbitrary or capricious. The board shall not issue a notice of
8 nonrenewal under this section unless the affected person has been
9 provided with not less than 30 days' advance notice that the board
10 is considering the nonrenewal together with a written statement of
11 the reasons the board is considering the nonrenewal. After the
12 issuance of the written statement, but before the nonrenewal
13 statement is issued, the affected person shall be given the
14 opportunity to meet with not less than a majority of the board to
15 discuss the reasons stated in the written statement. The meeting
16 shall be open to the public or a closed session, as the affected
17 person elects under section 8 of the open meetings act, 1976 PA
18 267, MCL 15.268. If the board fails to provide for a meeting with
19 the board, or if a court finds that the reason for nonrenewal is
20 arbitrary or capricious, the affected person's contract is renewed
21 for an additional 1-year period. This subsection does not apply to
22 the nonrenewal of the contract of a superintendent of schools
23 described in subsection (1).

24 (4) A school district, instead of directly employing a
25 superintendent of schools, may contract with its intermediate
26 school district for the intermediate superintendent to serve as the
27 superintendent of schools for the school district or for the

1 intermediate school district to provide another person to serve as
2 superintendent of schools for the school district **OR MAY CONTRACT**
3 **WITH ANOTHER PERSON, INCLUDING, BUT NOT LIMITED TO, THE**
4 **SUPERINTENDENT OF ANOTHER SCHOOL DISTRICT, TO SERVE AS**
5 **SUPERINTENDENT OF SCHOOLS FOR THE SCHOOL DISTRICT. IF A SCHOOL**
6 **DISTRICT DOES NOT OPERATE A PUBLIC SCHOOL DIRECTLY ON ITS OWN, THE**
7 **SCHOOL DISTRICT IS NOT REQUIRED TO EMPLOY A SUPERINTENDENT.**

8 Sec. 1231. (1) ~~The~~**EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
9 **(5), THE** board of a school district shall hire and contract with
10 qualified teachers. Contracts with teachers shall be in writing and
11 signed on behalf of the school district by a majority of the board,
12 by the president and secretary of the board, or by the
13 superintendent of schools or an authorized representative of the
14 board. The contracts shall specify the wages agreed upon.

15 (2) A teacher's contract shall be filed with the secretary of
16 the board and a duplicate copy of the contract shall be furnished
17 to the teacher.

18 (3) Except as otherwise provided under this act, a contract
19 with a teacher is not valid unless the ~~person~~**INDIVIDUAL** holds a
20 valid teaching certificate at the time the contractual period
21 begins **OR THE INDIVIDUAL IS ENGAGED TO TEACH IN A COMMUNITY**
22 **DISTRICT UNDER SECTION 1233C.** A contract shall terminate if the
23 certificate expires by limitation and is not renewed immediately or
24 if it is suspended or revoked by proper legal authority.

25 (4) The board of a school district, after a teacher has been
26 employed at least 2 consecutive years by the board, may enter into
27 a continuing contract with a certificated teacher **OR, FOR A**

1 COMMUNITY DISTRICT, WITH AN INDIVIDUAL ENGAGED TO TEACH IN A
2 COMMUNITY DISTRICT UNDER SECTION 1233C.

3 (5) THE SCHOOL BOARD OF A SCHOOL DISTRICT THAT IS A COMMUNITY
4 DISTRICT MAY EMPLOY OR CONTRACT FOR, OR BOTH, QUALIFIED TEACHERS
5 AND OTHER QUALIFIED INSTRUCTIONAL PERSONNEL AT A PUBLIC SCHOOL THAT
6 FORMERLY OPERATED AS AN ACHIEVEMENT SCHOOL, AS DEFINED IN SECTION 3
7 OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1603, AS NECESSARY TO
8 CARRY OUT THE PURPOSES OF THE COMMUNITY DISTRICT.

9 (6) ~~(5)~~—As used in this section, "teacher" does not include a
10 substitute teacher.

11 Sec. 1233. (1) Except as otherwise provided by law, **AND**
12 **SUBJECT TO SECTION 1233C**, the board of a school district or
13 intermediate school board of an intermediate school district shall
14 not permit a teacher who does not hold a valid teaching certificate
15 to teach in a grade or department of the school.

16 (2) The board of a school district or intermediate school
17 board of an intermediate school district shall not allow an
18 individual to serve in a counseling role in the school district or
19 intermediate school district, as the role is defined by the
20 superintendent of public instruction, unless the individual meets 1
21 or more of the following and the board or intermediate school board
22 complies with subsection (7):

23 (a) The individual holds a valid teaching certificate with a
24 school counseling endorsement.

25 (b) The individual meets all of the following:

26 (i) Holds a master's degree awarded after completion of an
27 approved school counselor education program that includes at least

1 all of the following skills and content areas or their equivalent:

2 (A) Guidance services--philosophy, principles, and practices.

3 (B) Individual and group analysis--nature and range of human
4 characteristics and appraisal methods.

5 (C) Guidance information--vocational development theory,
6 educational and occupational information.

7 (D) Counseling theory and practice--individual and group
8 procedures, administration and coordination relationships,
9 professional relationships, and ethics.

10 (E) Supervised experiences--laboratory, practicum, or
11 internship.

12 (F) Evaluation--statistics and research methodology, follow-up
13 evaluation, and measurement methods.

14 (ii) Has successfully completed the department's guidance
15 counselor examination.

16 (iii) Has been recommended by an approved school counselor
17 education program to provide services as a school counselor.

18 (c) The individual meets both of the following:

19 (i) Has at least 5 years of successful experience serving in a
20 school counseling role in another state within the immediately
21 preceding 7-year period.

22 (ii) Has successfully completed the department's guidance
23 counselor examination.

24 (3) ~~The~~ **EXCEPT FOR TEACHERS ENGAGED TO TEACH IN A COMMUNITY**
25 **DISTRICT UNDER SECTION 1233C, THE** intermediate superintendent shall
26 notify the superintendent of public instruction immediately of the
27 names of noncertificated teachers teaching in violation of

1 subsection (1) and the names of individuals serving in counseling
2 roles in violation of subsection (2), the employing district, and
3 the amount of time the noncertificated teachers or unqualified
4 individuals were employed.

5 (4) A vocational teacher preparation institution shall utilize
6 the employment experience of an annually authorized teacher for the
7 purpose of waiving student teaching as a requirement for vocational
8 certification if the annually authorized teacher is supervised by
9 the teacher preparation institution.

10 (5) All vocational education teachers certified after June 1,
11 1995 shall pass a competency test.

12 (6) The board of a school district or intermediate school
13 district may employ ~~a person~~ **AN INDIVIDUAL** without a teaching
14 certificate as a substitute teacher if the ~~person~~ **INDIVIDUAL** has at
15 least 90 semester hours of college credit from a college or
16 university.

17 (7) If the board of a school district or intermediate school
18 board of an intermediate school district chooses to employ an
19 individual who does not hold a valid teaching certificate to serve
20 in a counseling role, as permitted under subsection (2), the school
21 board or intermediate school board shall comply with sections 1230
22 and 1230a with respect to that individual to the same extent as
23 required for employing ~~a person~~ **AN INDIVIDUAL** with a teaching
24 certificate to serve as a teacher.

25 **SEC. 1233C. (1) A COMMUNITY DISTRICT MAY ENGAGE A FULL-TIME OR**
26 **PART-TIME NONCERTIFICATED, NONENDORSED TEACHER TO TEACH IN ITS**
27 **SCHOOLS IF THE APPROPRIATE OFFICIAL OF THE COMMUNITY DISTRICT**

1 DETERMINES THAT, DUE TO THE INDIVIDUAL'S COMBINATION OF EDUCATION
2 AND EXPERIENCE, IT WOULD BE APPROPRIATE AND IN THE BEST INTERESTS
3 OF THE PUPILS OF THE COMMUNITY DISTRICT.

4 (2) IF A NONCERTIFICATED, NONENDORSED TEACHER ENGAGED TO TEACH
5 UNDER THIS SECTION COMPLETES 3 YEARS OF SUCCESSFUL CLASSROOM
6 TEACHING, AS DETERMINED BY REGULAR OBSERVATION AND REVIEW BY SCHOOL
7 DISTRICT AND TEACHER PREPARATION INSTITUTION PERSONNEL, THE
8 DEPARTMENT AND A TEACHER PREPARATION INSTITUTION SHALL UTILIZE THE
9 TEACHING EXPERIENCE OF THE NONCERTIFICATED, NONENDORSED TEACHER FOR
10 THE PURPOSE OF WAIVING STUDENT TEACHING AS A CONDITION FOR
11 RECEIVING A PROVISIONAL TEACHING CERTIFICATE.

12 Sec. 1237. Notwithstanding any other provision of this act or
13 a rule to the contrary, a school district, local act school
14 district, intermediate school district, or public school academy
15 may employ ~~a person~~ **AN INDIVIDUAL** who does not hold a teaching
16 certificate to provide speech and language services if the person
17 meets the requirements for speech-language certification by the
18 American speech-language-hearing association. However, ~~a person~~
19 **EXCEPT FOR A TEACHER ENGAGED TO TEACH IN A COMMUNITY DISTRICT UNDER**
20 **SECTION 1233C, AN INDIVIDUAL** who does not hold a teaching
21 certificate shall not be assigned to serve as a classroom teacher.

22 Sec. 1250. (1) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**
23 **A** school district, public school academy, or intermediate school
24 district shall implement and maintain a method of compensation for
25 its teachers and school administrators that includes job
26 performance and job accomplishments as a significant factor in
27 determining compensation and additional compensation. The

1 assessment of job performance shall incorporate a rigorous,
2 transparent, and fair evaluation system that evaluates a teacher's
3 or school administrator's performance at least in part based upon
4 data on student growth as measured by assessments and other
5 objective criteria.

6 (2) If a collective bargaining agreement is in effect for
7 teachers or school administrators of a school district, public
8 school academy, or intermediate school district as of ~~the effective~~
9 ~~date of the amendatory act that added this subsection,~~ **JANUARY 4,**
10 **2010,** and if that collective bargaining agreement prevents
11 compliance with subsection (1), then subsection (1) does not apply
12 to that school district, public school academy, or intermediate
13 school district until after the expiration of that collective
14 bargaining agreement.

15 (3) **FOR TEACHERS AND SCHOOL ADMINISTRATORS WHO ARE HIRED BY A**
16 **COMMUNITY DISTRICT AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT**
17 **THAT ADDED THIS SUBSECTION, THE COMMUNITY DISTRICT SHALL IMPLEMENT**
18 **AND MAINTAIN A METHOD OF COMPENSATION THAT INCLUDES JOB PERFORMANCE**
19 **AND JOB ACCOMPLISHMENTS AS THE PRIMARY FACTOR IN DETERMINING**
20 **COMPENSATION AND ADDITIONAL COMPENSATION. THE ASSESSMENT OF JOB**
21 **PERFORMANCE SHALL INCORPORATE A RIGOROUS, TRANSPARENT, AND FAIR**
22 **EVALUATION SYSTEM THAT EVALUATES A TEACHER'S OR SCHOOL**
23 **ADMINISTRATOR'S PERFORMANCE PRIMARILY BASED UPON DATA ON STUDENT**
24 **GROWTH AS MEASURED BY ASSESSMENTS AND OTHER OBJECTIVE CRITERIA. FOR**
25 **A SCHOOL ADMINISTRATOR DESCRIBED IN THIS SUBSECTION WHOSE PRIMARY**
26 **RESPONSIBILITY IS ADMINISTERING INSTRUCTIONAL PROGRAMS IN A**
27 **PARTICULAR SCHOOL, THE METHOD OF COMPENSATION SHALL ENSURE THAT THE**

1 SCHOOL ADMINISTRATOR DOES NOT RECEIVE ANY PAY INCREASE FOR A SCHOOL
2 YEAR IF THAT SCHOOL HAS BEEN ASSIGNED A GRADE OF "D" OR LOWER UNDER
3 THE COMMUNITY DISTRICT "A-F" ACCOUNTABILITY SYSTEM UNDER SECTION
4 389 FOR THE IMMEDIATELY PRECEDING SCHOOL YEAR.

5 (4) FOR TEACHERS AND SCHOOL ADMINISTRATORS WHO ARE HIRED BY A
6 COMMUNITY DISTRICT AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
7 THAT ADDED THIS SUBSECTION, THE COMMUNITY DISTRICT SHALL NOT USE
8 LENGTH OF SERVICE OR ACHIEVEMENT OF AN ADVANCED DEGREE AS A FACTOR
9 IN COMPENSATION LEVELS OR ADJUSTMENTS IN COMPENSATION EXCEPT AS
10 FOLLOWS:

11 (A) FOR A TEACHER WITH A SECONDARY LEVEL TEACHING CERTIFICATE
12 WHO HAS A SUBJECT AREA ENDORSEMENT AND WHO TEACHES IN THAT SUBJECT
13 AREA, AN ADVANCED DEGREE ACHIEVED IN THAT SUBJECT AREA MAY BE
14 CONSIDERED AS A FACTOR IN THE TEACHER'S BASE COMPENSATION.

15 (B) FOR A TEACHER WITH AN ELEMENTARY LEVEL TEACHING
16 CERTIFICATE WHO TEACHES IN AN ELEMENTARY GRADE, AN ADVANCED DEGREE
17 IN ELEMENTARY EDUCATION MAY BE CONSIDERED AS A FACTOR IN THE
18 TEACHER'S BASE COMPENSATION.

19 Sec. 1284. (1) ~~The~~SUBJECT TO SUBSECTION (2), THE board of a
20 school district or of a public school academy shall determine the
21 length of the school year. However, if the board does not want the
22 school district's or public school academy's state school aid
23 payments to be withheld as described in section 101 of the state
24 school aid act of 1979, MCL 388.1701, the board shall ensure that
25 the school district or public school academy provides at least the
26 minimum amount of pupil instruction during each school year
27 required under section 101 of the state school aid act of 1979, MCL

1 388.1701.

2 (2) BEGINNING WITH THE FIRST SCHOOL YEAR THAT BEGINS AFTER A
3 COMMUNITY DISTRICT IS CREATED, THE COMMUNITY DISTRICT SHALL OPERATE
4 ITS SCHOOLS ON A BALANCED SCHOOL-YEAR CALENDAR THAT ENSURES THAT
5 THERE IS NO PERIOD DURING WHICH SCHOOL IS NOT IN SESSION THAT
6 EXCEEDS 30 CONSECUTIVE CALENDAR DAYS.

7 (3) ~~(2)~~—Not later than August 1 of each year, the board of
8 each school district and the board of directors of each public
9 school academy shall certify to the state board the number of hours
10 of pupil instruction in the previous school year.

11 (4) ~~(3)~~—Time during which there is no pupil instruction
12 because of strikes or teachers' conferences shall not be counted as
13 pupil instruction.

14 (5) ~~(4)~~—The superintendent of public instruction shall
15 promulgate rules for the implementation of this section.

16 Sec. 1284a. (1) ~~Not later than July 1, 2008, an~~ **AN**
17 intermediate school district, in cooperation with its constituent
18 districts, shall adopt **AND IMPLEMENT** a common school calendar to
19 apply to all of its constituent districts and to its intermediate
20 school district programs. The intermediate school district shall
21 post the common school calendar on its website. The common school
22 calendar shall meet all of the following:

23 (a) Shall be in compliance with sections 1284 and 1284b.

24 (b) Shall identify the dates for each school year when school
25 will not be in session for a winter holiday break and a spring
26 break. The common school calendar shall identify these dates
27 specifically for at least the next 5 school years, but may describe

1 these dates more generally for school years thereafter as long as
2 the dates may be readily determined.

3 (2) Beginning with the 2008-2009 school year, except as
4 otherwise provided in this section, the board of each constituent
5 district and the intermediate school board shall ensure that its
6 school calendar complies with the common school calendar adopted
7 under subsection (1).

8 (3) In addition to the requirements under subsection (1), a
9 common school calendar adopted under subsection (1) is encouraged
10 to identify common dates for professional development days.

11 ~~————(4) If a collective bargaining agreement that provides a~~
12 ~~complete school calendar is in effect for employees of a school~~
13 ~~district or intermediate school district as of the effective date~~
14 ~~of this section, and if that school calendar is not in compliance~~
15 ~~with the common school calendar adopted under subsection (1), then~~
16 ~~subsection (2) does not apply to that school district or~~
17 ~~intermediate school district until after the expiration of that~~
18 ~~collective bargaining agreement.~~

19 (4) ~~(5) If as of the effective date of this section~~ **OCTOBER 1,**
20 **2007** an intermediate school district or school district is
21 operating a ~~year-round school or program~~ **WITH A BALANCED SCHOOL-**
22 **YEAR CALENDAR** or is operating a school that is an international
23 baccalaureate academy that provides 1,160 hours of pupil
24 instruction per school year, then subsection (2) does not apply to
25 that school or program. If after the effective date of this section
26 an intermediate school district or school district begins operating
27 a ~~year-round school or program~~ **WITH A BALANCED SCHOOL-YEAR**

1 **CALENDAR**, the intermediate school district or school district may
2 apply to the superintendent of public instruction for a waiver from
3 the requirements of subsection (2) for that school or program. The
4 application shall be in writing in the form and manner prescribed
5 by the department and shall provide justification for the school or
6 program to operate on a calendar that differs from the common
7 school calendar adopted under subsection (1). Upon application, if
8 the superintendent of public instruction determines that a school
9 or program is a bona fide ~~year-round~~ **BALANCED SCHOOL-YEAR CALENDAR**
10 school or program established for educational reasons and that
11 there is sufficient justification for the school or program to
12 operate on a calendar that differs from the common school calendar
13 adopted under subsection (1), the superintendent of public
14 instruction shall grant the waiver. The superintendent of public
15 instruction shall establish standards for determining a bona fide
16 ~~year-round~~ **BALANCED SCHOOL-YEAR CALENDAR** school or program for the
17 purposes of this subsection.

18 (5) ~~(6)~~—If an intermediate school district or school district
19 is operating or begins operating a school or program on a trimester
20 schedule, the intermediate school district or school district may
21 apply to the superintendent of public instruction for a waiver from
22 the requirements of subsection (2) for that school or program. The
23 application shall be in writing in the form and manner prescribed
24 by the department and shall provide justification for the school or
25 program to operate on a calendar that differs from the common
26 school calendar adopted under subsection (1). Upon application, if
27 the superintendent of public instruction determines that a school

1 or program is operating on a bona fide trimester schedule
2 established for educational reasons and that there is sufficient
3 justification for the school or program to operate on a calendar
4 that differs from the common school calendar adopted under
5 subsection (1), the superintendent of public instruction shall
6 grant the waiver. The superintendent of public instruction shall
7 establish standards for determining a bona fide trimester schedule
8 for the purposes of this subsection.

9 (6) ~~(7)~~—This section does not apply to a public school that
10 operates all of grades 6 to 12 at a single site, that aligns its
11 high school curriculum with advanced placement courses as the
12 capstone of the curriculum, and that ends its second academic
13 semester concurrently with the end of the advanced placement
14 examination period.

15 (7) **THIS SECTION DOES NOT APPLY TO A COMMUNITY DISTRICT.**

16 (8) In addition to the other exceptions under this section,
17 the superintendent of public instruction may grant a waiver from a
18 requirement under this section for a school district that applies
19 for the waiver in writing in the form and manner prescribed by the
20 superintendent of public instruction and provides sufficient
21 justification for the waiver, as determined by the superintendent
22 of public instruction.

23 (9) As used in this section:

24 (a) "Board" means the board of a school district or board of
25 directors of a public school academy.

26 (b) "Constituent district" means a constituent district of the
27 intermediate school district or a public school academy that is

1 located within the boundaries of the intermediate school district
2 and that receives services from the intermediate school district.

3 (c) "School district" means a school district or a public
4 school academy.

5 Sec. 1284b. ~~(1) Until subsection (2) applies to the school~~
6 ~~district, public school academy, or intermediate school district,~~
7 ~~the board of a school district or intermediate school district or~~
8 ~~board of directors of a public school academy shall ensure that the~~
9 ~~district's or public school academy's schools are not in session on~~
10 ~~the Friday before Labor day.~~

11 (1) ~~(2)~~ Except as otherwise provided in this section, the
12 board of a school district or intermediate school district or board
13 of directors of a public school academy shall ensure that the
14 district's or public school academy's school year does not begin
15 before Labor day. **DAY.**

16 ~~—— (3) If a collective bargaining agreement that provides a~~
17 ~~complete school calendar is in effect for employees of a school~~
18 ~~district, public school academy, or intermediate school district as~~
19 ~~of the effective date of the amendatory act that added subsection~~
20 ~~(2), and if that school calendar is not in compliance with~~
21 ~~subsection (2), then subsection (2) does not apply to that school~~
22 ~~district, public school academy, or intermediate school district~~
23 ~~until after the expiration of that collective bargaining agreement.~~

24 (2) ~~(4)~~ If a school district, intermediate school district, or
25 public school academy is operating a year-round school or program
26 **WITH A BALANCED SCHOOL-YEAR CALENDAR** as of September 29, 2005 or is
27 operating as of that date a school that is an international

1 baccalaureate academy that provides 1,160 hours of pupil
2 instruction per school year, then subsection ~~(2)~~-(1) does not apply
3 to that school or program. If a school district, intermediate
4 school district, or public school academy begins operating a ~~year-~~
5 ~~round-~~school or program **WITH A BALANCED SCHOOL-YEAR CALENDAR** after
6 September 29, 2005, the school district, intermediate school
7 district, or public school academy may apply to the superintendent
8 of public instruction for a waiver from the requirements of
9 subsection ~~(2)~~-(1). Upon application, if the superintendent of
10 public instruction determines that a school or program is a bona
11 fide ~~year-round-~~**BALANCED SCHOOL-YEAR CALENDAR** school or program
12 established for educational reasons, the superintendent of public
13 instruction shall grant the waiver. The superintendent of public
14 instruction shall establish standards for determining a bona fide
15 ~~year-round-~~**BALANCED SCHOOL-YEAR CALENDAR** school or program for the
16 purposes of this subsection.

17 (3) **THIS SECTION DOES NOT APPLY TO A COMMUNITY DISTRICT.**

18 (4) ~~(5)~~-If an intermediate school district contracts with a
19 constituent district or public school academy to provide programs
20 or services for pupils of the constituent district or public school
21 academy; operates a program or service within a building owned by a
22 constituent district or a public school academy located within the
23 intermediate school district's boundaries; or otherwise provides
24 instructional programs or services for pupils of a constituent
25 district or public school academy, and if the school district's or
26 public school academy's school year begins before Labor ~~day-~~**DAY**
27 under subsection ~~(3)~~-~~or~~-~~(4)~~-(2), then the intermediate school

1 district may provide programs or services according to the school
2 district's or public school academy's calendar.

3 (5) ~~(6)~~—This section does not apply to a public school that
4 operates all of grades 6 to 12 at a single site, that aligns its
5 high school curriculum with advanced placement courses as the
6 capstone of the curriculum, and that ends its second academic
7 semester concurrently with the end of the advanced placement
8 examination period.

9 (6) ~~(7)~~—This section does not prohibit a school district,
10 intermediate school district, or public school academy from
11 offering or requiring professional development for its personnel
12 that is conducted before Labor ~~day~~—**DAY**.

13 (7) ~~(8)~~—As used in this section, "Labor ~~day~~"—**DAY**" means the
14 first Monday in September.

15 **SEC. 1284C. THE GOVERNING BODY FOR A PUBLIC SCHOOL THAT**
16 **OPERATES A BALANCED SCHOOL-YEAR CALENDAR PROGRAM OR OPERATES AS A**
17 **BALANCED SCHOOL-YEAR CALENDAR SCHOOL MAY DESIGNATE A DATE AFTER MAY**
18 **31 AND BEFORE THE FIRST MONDAY IN SEPTEMBER AS THE END OF THE**
19 **SCHOOL YEAR FOR THE PUBLIC SCHOOL. A DATE ADOPTED BY THE GOVERNING**
20 **BODY OF A PUBLIC SCHOOL UNDER THIS SECTION SHALL BE THE END OF THE**
21 **SCHOOL YEAR FOR THE PUBLIC SCHOOL FOR PURPOSES OF THIS ACT AND**
22 **OTHER STATE LAWS.**

23 Sec. 1351a. (1) Beginning with bonds issued after May 1, 1994,
24 a school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT**
25 **THAT IS A COMMUNITY DISTRICT**, shall not borrow money and issue
26 bonds of the district under section 1351(1). However, a school
27 district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT THAT IS**

1 **A COMMUNITY DISTRICT**, may borrow money and issue bonds of the
2 district to defray all or a part of the cost of purchasing,
3 erecting, completing, remodeling, or equipping or reequipping,
4 except for equipping or reequipping for technology, school
5 buildings, including library buildings, structures, athletic
6 fields, playgrounds, or other facilities, or parts of or additions
7 to those facilities; furnishing or refurnishing new or remodeled
8 school buildings; acquiring, preparing, developing, or improving
9 sites, or parts of or additions to sites, for school buildings,
10 including library buildings, structures, athletic fields,
11 playgrounds, or other facilities; purchasing school buses;
12 acquiring, installing, or equipping or reequipping school buildings
13 for technology; or accomplishing a combination of the purposes set
14 forth in this subsection. Section 1351(2) to (4) applies to bonds
15 issued under this section.

16 (2) The proceeds of bonds issued under this section or under
17 section 11i of the state school aid act of 1979, ~~1979 PA 94, MCL~~
18 388.1611i, shall be used for capital expenditures and to pay costs
19 of bond issuance, and shall not be used for maintenance costs.
20 Except as otherwise provided in this subsection, a school district
21 that issues bonds under this section or under section 11i of the
22 state school aid act of 1979, ~~1979 PA 94, MCL~~ 388.1611i, shall have
23 an independent audit, using generally accepted accounting
24 principles, of its bonding activities under these sections
25 conducted within 120 days after completion of all projects financed
26 by the proceeds of the bonds and shall submit the audit report to
27 the department of treasury. For bonds issued under section 11i of

1 the state school aid act of 1979, ~~1979 PA 94~~, MCL 388.1611i, the
2 independent audit required under this subsection may be conducted
3 and submitted with the annual report required under the revised
4 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

5 (3) A school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL**
6 **DISTRICT THAT IS A COMMUNITY DISTRICT**, shall not borrow money and
7 issue notes or bonds under this section to defray all or part of
8 the costs of any of the following:

9 (a) Upgrades to operating system or application software.

10 (b) Media, including diskettes, compact discs, video tapes,
11 and disks, unless used for the storage of initial operating system
12 software or customized application software included in the
13 definition of technology under this section.

14 (c) Training, consulting, maintenance, service contracts,
15 software upgrades, troubleshooting, or software support.

16 (4) A resident of a school district, **INCLUDING, BUT NOT**
17 **LIMITED TO, A SCHOOL DISTRICT THAT IS A COMMUNITY DISTRICT**, has
18 standing to bring suit against the school district to enforce the
19 provisions of this section in a court having jurisdiction.

20 (5) As used in this section, "technology" means any of the
21 following:

22 (a) Hardware and communication devices that transmit, receive,
23 or compute information for pupil instructional purposes.

24 (b) The initial purchase of operating system software or
25 customized application software, or both, accompanying the purchase
26 of hardware and communication devices under subdivision (a).

27 (c) The costs of design and installation of the hardware,

1 communication devices, and initial operating system software or
2 customized application software authorized under this subsection.

3 Sec. 1356. (1) Notwithstanding section 1351, a school district
4 that has an operating or projected operating deficit ~~in excess of~~
5 ~~\$100.00 per membership pupil~~ **OR THAT HAS OUTSTANDING STATE AID**
6 **ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE MICHIGAN**
7 **FINANCE AUTHORITY** may, **WITH THE APPROVAL OF THE STATE TREASURER,**
8 borrow and issue ~~its negotiable interest bearing notes or bonds~~ for
9 the purpose of ~~funding~~ **ELIMINATING** the deficit **OR REFUNDING OR**
10 **REFINANCING THE STATE AID ANTICIPATION NOTES** in accordance with
11 this section. **NOTES OR BONDS ISSUED UNDER THIS SECTION SHALL BE**
12 **KNOWN AS SCHOOL FINANCING STABILITY BONDS.** This authority is in
13 addition to and not in derogation of any power granted to a school
14 district by any other provision of this act. ~~However, except for~~
15 ~~the purpose of funding an operating or projected operating deficit~~
16 ~~resulting from a state tax tribunal order or a court order, a~~
17 ~~school district shall not initiate the procedures to borrow money~~
18 ~~or issue notes or bonds under this section after January 1, 1994.~~

19 (2) Before a ~~board of a~~ school district issues notes or bonds
20 under this section, the board **OF THE SCHOOL DISTRICT** shall provide
21 by resolution for the submission of the following certified and
22 substantiated information to the department of treasury:

23 (a) There exists or will exist an operating deficit in the
24 school district ~~in excess of \$100.00 per membership pupil~~. **OR THE**
25 **SCHOOL DISTRICT HAS OUTSTANDING STATE AID ANTICIPATION NOTES ISSUED**
26 **UNDER SECTION 1225 THROUGH THE MICHIGAN FINANCE AUTHORITY.**

27 (b) ~~During~~ **IF THE SCHOOL DISTRICT HAS A DEFICIT, DURING** or

1 before the fiscal year in which the application is made, the school
2 district has made every available effort to offset the deficit. ~~7~~
3 ~~including submission of a question to the school electors of the~~
4 ~~district to increase the rate of ad valorem property taxes levied~~
5 ~~in the school district.~~

6 (c) The school district has a plan approved by the ~~school~~
7 ~~board~~ **STATE TREASURER** that outlines actions to be taken to balance
8 future expenditures with anticipated revenues **AND TO REPAY ANY**
9 **BONDS OR NOTES ISSUED UNDER THIS SECTION. THE STATE TREASURER MAY**
10 **RECOGNIZE A DEFICIT ELIMINATION PLAN OR AN ENHANCED DEFICIT**
11 **ELIMINATION PLAN AUTHORIZED UNDER SECTION 102 OF THE STATE SCHOOL**
12 **AID ACT OF 1979, MCL 388.1702, AS SATISFYING THE REQUIREMENTS FOR**
13 **AN APPROVED PLAN UNDER THIS SUBDIVISION.**

14 (3) The existence of ~~the~~ **AN** operating or projected operating
15 deficit, ~~and~~ the amount of the operating or projected operating
16 deficit, **AND THE AMOUNT NECESSARY TO REFUND OR REFINANCE ANY SCHOOL**
17 **AID ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE**
18 **MICHIGAN FINANCE AUTHORITY** shall be determined by the department of
19 treasury, using normal school accounting practices. If a financial
20 audit is required to arrive at a conclusive determination as to the
21 amount of ~~the~~ **A** deficit, the state treasurer shall charge all
22 necessary expenses for the audit, including per diem and travel
23 expenses, to the school district, and the school district shall
24 make payment to the state treasurer for these expenses. ~~The~~ **A**
25 determination by the department of treasury **UNDER THIS SUBSECTION**
26 is final and conclusive. ~~as to the existence of an operating or~~
27 ~~projected operating deficit, the amount of the deficit, and the~~

1 ~~amount of the deficit per membership pupil.~~

2 (4) The notes or bonds may be issued in 1 or more series by
3 resolution adopted by the school board, which resolution in each
4 case shall make reference to the determination of the department of
5 treasury **UNDER SUBSECTION (3)**. The amount of a note or bond issued
6 shall not exceed the amount ~~of the operating deficit as shown by~~
7 ~~the determination.~~**DETERMINED BY THE DEPARTMENT OF TREASURY UNDER**
8 **SUBSECTION (3)**.

9 (5) The school district ~~shall~~**MAY** pledge as ~~secondary~~ security
10 for the **REPAYMENT OF PRINCIPAL AND INTEREST ON** notes or bonds
11 ~~future~~**ISSUED UNDER THIS SECTION MONEY FROM** state school aid
12 payments ~~, if any,~~**PAID OR PAYABLE TO THE SCHOOL DISTRICT, REVENUE**
13 **FROM TAXES LEVIED BY THE SCHOOL DISTRICT FOR SCHOOL OPERATING**
14 **PURPOSES UNDER SECTION 1211, and other funds**~~TAX REVENUE OR MONEY~~
15 of the district legally available as security. **A PLEDGE UNDER THIS**
16 **SUBSECTION IS VALID AND BINDING FROM THE TIME THE PLEDGE IS MADE. A**
17 **PLEDGE UNDER THIS SUBSECTION FOR THE BENEFIT OF THE HOLDERS OF**
18 **NOTES OR BONDS OR FOR THE BENEFIT OF OTHERS IS PERFECTED WITHOUT**
19 **DELIVERY, RECORDING, OR NOTICE. A SCHOOL DISTRICT MAY ENTER INTO AN**
20 **AGREEMENT WITH THE DEPARTMENT OF TREASURY OR THE MICHIGAN FINANCE**
21 **AUTHORITY, OR BOTH, PROVIDING FOR THE DIRECT PAYMENT ON BEHALF OF**
22 **THE SCHOOL DISTRICT TO THE MICHIGAN FINANCE AUTHORITY OR A**
23 **DESIGNATED TRUSTEE OF STATE SCHOOL AID PLEDGED FOR THE REPAYMENT OF**
24 **PRINCIPAL AND INTEREST ON NOTES OR BONDS ISSUED UNDER THIS SECTION**
25 **IN THE SAME MANNER AS AN AGREEMENT UNDER SECTION 17A(4) OF THE**
26 **STATE SCHOOL AID ACT OF 1979, MCL 388.1617A.**

27 (6) The notes or bonds shall mature serially with annual

1 maturities not more than ~~10~~25 years from their date and shall bear
2 interest, payable annually or semiannually, at a rate or rates not
3 exceeding a rate determined by the school board in the school
4 district's borrowing resolution. The first principal installment on
5 the notes or bonds shall be due not more than 18 months from the
6 date of the **ISSUANCE OF THE** notes or bonds. ~~, and a principal~~
7 ~~installment on the notes shall not be less than 1/3 of the~~
8 ~~principal amount of a subsequent principal installment.~~ The notes
9 or bonds may be made subject to redemption before maturity with or
10 without premium in a manner and at times provided in the resolution
11 authorizing the issuance of the notes or bonds.

12 (7) Notes or bonds issued under this section are valid and
13 binding general obligations of the school district, it being the
14 intent and purpose that the notes or bonds and the interest on the
15 notes or bonds be promptly paid when due from the first money
16 available to the **SCHOOL** district not pledged for other indebtedness
17 and except to the extent that the use is restricted by the state
18 constitution of 1963 or the laws of the United States. **IF A SCHOOL**
19 **DISTRICT DOES NOT RECEIVE STATE SCHOOL AID, THE VALIDITY OF A NOTE**
20 **OR BOND ISSUED UNDER THIS SECTION IS NOT AFFECTED.**

21 (8) Except as otherwise provided in this section, bonds and
22 notes issued under this section are subject to the revised
23 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

24 (9) The proceeds of the sale of notes **OR BONDS** authorized
25 under this section, after payment of the costs of issuance of the
26 notes or bonds and interest on the notes or bonds, ~~for a period not~~
27 ~~to exceed 9 months,~~ shall be used solely for the purpose of paying

1 necessary operating expenses of the school district, including the
2 payment of principal of and interest on notes or bonds of the
3 school district issued for operating purposes under this or any
4 other act.

5 (10) A board of a school district that borrows ~~pursuant to~~
6 ~~subsections (1) to (9)~~ **UNDER THIS SECTION** shall submit its budget
7 for review and approval to the department of education. **TREASURY.**
8 The department of education **TREASURY** shall take necessary steps,
9 subject to the school district's contracts and statutory
10 obligations, to assure that the expenditures of a school district
11 that receives money under this part shall not exceed revenues on an
12 annual basis and that the school district maintains a balanced
13 budget.

14 **SEC. 1535B. IF THE SUPERINTENDENT OF PUBLIC INSTRUCTION HAS**
15 **INFORMATION THAT A PERSON WHO HOLDS A TEACHING CERTIFICATE THAT IS**
16 **VALID IN THIS STATE HAS ENGAGED OR PARTICIPATED IN A STRIKE**
17 **PROHIBITED BY SECTION 2 OF 1947 PA 336, MCL 423.202, THE**
18 **SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL DO ALL OF THE FOLLOWING:**

19 (A) **WITHIN 10 DAYS AFTER THE INCEPTION OF THE STRIKE OR AFTER**
20 **RECEIVING INFORMATION THAT THE PERSON HAS ENGAGED OR PARTICIPATED**
21 **IN A STRIKE, NOTIFY THE PERSON THAT HIS OR HER TEACHING CERTIFICATE**
22 **MAY BE SUSPENDED FOR A PERIOD OF AT LEAST 1 YEAR, OR REVOKED, FOR**
23 **ENGAGING OR PARTICIPATING IN THE STRIKE AND OF HIS OR HER RIGHT TO**
24 **A HEARING BEFORE THE SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THE**
25 **ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO**
26 **24.328.**

27 (B) **IF THE PERSON DOES NOT AVAIL HIMSELF OR HERSELF OF THIS**

1 RIGHT TO A HEARING WITHIN 15 WORKING DAYS AFTER RECEIPT OF THIS
2 WRITTEN NOTIFICATION, PERMANENTLY REVOKE THE PERSON'S TEACHING
3 CERTIFICATE.

4 (C) IF A HEARING TAKES PLACE, COMPLETE THE PROCEEDINGS AND
5 MAKE A FINAL DECISION AND ORDER WITHIN 120 WORKING DAYS AFTER
6 RECEIVING THE REQUEST FOR A HEARING. IF THE SUPERINTENDENT OF
7 PUBLIC INSTRUCTION DETERMINES AS A RESULT OF THE HEARING THAT THE
8 PERSON HAS ENGAGED OR PARTICIPATED IN A STRIKE IN VIOLATION OF
9 SECTION 2 OF 1947 PA 336, MCL 423.202, THE SUPERINTENDENT OF PUBLIC
10 INSTRUCTION SHALL SUSPEND THE PERSON'S TEACHING CERTIFICATE FOR AT
11 LEAST 1 YEAR AND MAY PERMANENTLY REVOKE THE PERSON'S TEACHING
12 CERTIFICATE, DEPENDING ON HIS OR HER DETERMINATION AS TO THE
13 SEVERITY OF THE OFFENSE.

14 Enacting section 1. Part 5a and sections 403, 404, 412, 416a,
15 420, 421, 449, and 485 of the revised school code, 1976 PA 451, MCL
16 380.371 to 380.376, 380.403, 380.404, 380.412, 380.416a, 380.420,
17 380.421, 380.449, and 380.485, are repealed.

18 Enacting section 2. This amendatory act does not take effect
19 unless Senate Bill No.____ or House Bill No.____ (request no.
20 04000'15) of the 98th Legislature is enacted into law.